DEERE & CO

FORM 10-K
(Annual Report)

Filed 12/17/12 for the Period Ending 10/31/12

Address	ONE JOHN DEERE PLACE MOLINE, IL 61265-8098
Telephone	(309) 765-4968
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Symbol	DE
SIC Code	3523 - Farm Machinery and Equipment
Industry	Constr. & Agric. Machinery
Sector	Capital Goods
Fiscal Year	10/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2012**

Commission file number 1-4121

DEERE & COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**36-2382580**
(State of incorporation)	(IRS Employer Identification No.)

One John Deere Place, Moline, Illinois	**61265**	**(309) 765-8000**
(Address of principal executive offices)	(Zip Code)	(Telephone Number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

Title of each class	Name of each exchange on which registered
Common stock, $1 par value	New York Stock Exchange
8-1/2% Debentures Due 2022	New York Stock Exchange
6.55% Debentures Due 2028	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

The aggregate quoted market price of voting stock of registrant held by non-affiliates at April 30, 2012 was $32,685,878,489. At November 30, 2012, 387,870,270 shares of common stock, $1 par value, of the registrant were outstanding. *Documents Incorporated by Reference* . Portions of the proxy statement for the annual meeting of stockholders to be held on February 27, 2013 are incorporated by reference into Part III of this Form 10-K.

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ITEM 1. BUSINESS.

Products

Deere & Company (the Company) and its subsidiaries (collectively, John Deere) have operations which are categorized into three major business segments.

The *agriculture and turf* segment primarily manufactures and distributes a full line of agriculture and turf equipment and related service parts — including large, medium and utility tractors; loaders; combines, corn pickers, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders; tillage, seeding and application equipment, including sprayers, nutrient management and soil preparation machinery; hay and forage equipment, including self-propelled forage harvesters and attachments, balers and mowers; turf and utility equipment, including riding lawn equipment and walk-behind mowers, golf course equipment, utility vehicles, and commercial mowing equipment, along with a broad line of associated implements; integrated agricultural management systems technology; precision agricultural irrigation equipment and supplies; landscape and nursery products; and other outdoor power products.

The *construction and forestry* segment primarily manufactures and distributes a broad range of machines and service parts used in construction, earthmoving, material handling and timber harvesting — including backhoe loaders; crawler dozers and loaders; four-wheel-drive loaders; excavators; motor graders; articulated dump trucks; landscape loaders; skid-steer loaders; and log skidders, feller bunchers, log loaders, log forwarders, log harvesters and related attachments.

The products and services produced by the segments above are marketed primarily through independent retail dealer networks and major retail outlets.

The *financial services* segment primarily finances sales and leases by John Deere dealers of new and used agriculture and turf equipment and construction and forestry equipment. In addition, the financial services segment provides wholesale financing to dealers of the foregoing equipment, finances retail revolving charge accounts and operating loans and offers crop risk mitigation products and extended equipment warranties.

John Deere's worldwide agriculture and turf operations and construction and forestry operations are sometimes referred to as the "equipment operations." The financial services segment is sometimes referred to as the "financial services operations."

Additional information is presented in the discussion of business segment and geographic area results on pages 22-23. The John Deere enterprise has manufactured agricultural machinery since 1837. The present Company was incorporated under the laws of Delaware in 1958.

The Company's internet address is http://www.JohnDeere.com . Through that address, the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are available free of charge as soon as reasonably practicable after they are filed with the United States Securities and Exchange Commission (Securities and Exchange Commission or Commission). The information contained on the Company's website is not included in, or incorporated by reference into, this annual report on Form 10-K.

Market Conditions and Outlook

The Company's equipment sales are projected to increase by about 5 percent for fiscal year 2013 and about 10 percent for the first quarter, compared with the same periods of 2012. For fiscal year 2013, net income attributable to Deere & Company is anticipated to be approximately $3.2 billion.

Agriculture & Turf. The Company's worldwide sales of agriculture and turf equipment are forecast to increase by about 4 percent for fiscal year 2013. Relatively high commodity prices and strong farm incomes are expected to continue supporting a favorable level of demand for farm machinery during the year. The Company's sales are expected to benefit from global expansion and lines of advanced new equipment.

Industry sales for agricultural machinery in the United States (U.S.) and Canada are forecast to be about the same for 2013 in relation to the prior year's healthy levels. Caution around the U.S. livestock and dairy sectors is expected to offset continued strength in demand for large equipment, such as high-horsepower tractors.

Fiscal year industry sales in the European Union (EU)27 nations of Western and Central Europe are forecast to be about the same to 5 percent lower due to continuing deterioration in the overall economy and a poor harvest in the U.K. Sales in the Commonwealth of Independent States are expected to be modestly higher in 2013. In South America, industry sales are projected to increase about 10 percent as a result of favorable commodity prices and increased planting intentions. Industry sales in Asia are projected to be approximately the same as 2012 due to softer economic conditions in India and China.

U.S. and Canada industry sales of turf and utility equipment are expected to increase about 5 percent for 2013, reflecting some improvement in the U.S. economy. The Company's sales are expected to increase more than the industry due to the impact of new products.

Construction & Forestry. The Company's worldwide sales of construction and forestry equipment are forecast to increase by about 8 percent for fiscal year 2013 due in part to modest improvement in U.S. economic conditions. Sales in world forestry markets are projected to be about the same for the year as further weakness in European markets offsets stronger demand in the U.S.

Financial Services. Fiscal year 2013 net income attributable to Deere & Company for the financial services operations is expected to be approximately $500 million. The forecast improvement is primarily due to expected growth in the credit portfolio and lower crop insurance claims. These factors are projected to be partially offset by an increase in the provision for credit losses, which is anticipated to return to a more typical level.

2012 Consolidated Results Compared with 2011

Worldwide net income attributable to Deere & Company in 2012 was $3,065 million, or $7.63 per share diluted ($7.72 basic), compared with $2,800 million, or $6.63 per share diluted ($6.71 basic), in 2011. Net sales and revenues increased 13 percent to $36,157 million in 2012, compared with $32,013 million in 2011. Net sales of the equipment operations increased 14 percent in 2012 to $33,501 million from $29,466 million last year. The sales increase included improved price realization of 4 percent and an unfavorable foreign currency translation of 3 percent. Net sales in the U.S. and Canada increased 20 percent in 2012. Net sales outside the U.S. and Canada increased by 5 percent in 2012, which included an unfavorable effect of 6 percent for foreign currency translation.

Worldwide equipment operations had an operating profit of $4,397 million in 2012, compared with $3,839 million in 2011. The higher operating profit was primarily due to the impact of improved price realization and higher shipment volumes, partially offset by higher production and raw material costs, unfavorable effects of foreign currency exchange, increased research and development expenses, higher selling, administrative and general expenses and a goodwill impairment charge. The increase in production costs related to new products, engine emission requirements and incentive compensation expenses.

The equipment operations' net income was $2,616 million in 2012, compared with $2,329 million in 2011. The same operating factors mentioned above, as well as an increase in the effective tax rate and interest expense affected these results.

Net income of the financial services operations attributable to Deere & Company in 2012 decreased to $460 million, compared with $471 million in 2011. The decrease was primarily a result of increased selling, administrative and general expenses, higher reserves for crop insurance claims and narrower financing spreads, partially offset by growth in the credit portfolio and a lower provision for credit losses. Additional information is presented in the discussion of the "Worldwide Financial Services Operations" on page 22.

The cost of sales to net sales ratio for 2012 was 74.6 percent, compared with 74.4 percent last year. The increase was primarily due to higher production costs, increased raw material costs and unfavorable effects of foreign currency exchange, partially offset by improved price realization.

Additional information on 2012 results is presented on pages 21-23.

EQUIPMENT OPERATIONS

Agriculture and Turf

The John Deere agriculture and turf segment manufactures and distributes a full line of agricultural and turf equipment and related service parts. The segment's global operating model is designed to enable faster geographic growth and increase the segment's competitiveness. Pursuant to this model, the segment consolidates all markets into four geographical customer focus areas to facilitate comprehensive customer understanding and deliver optimal customer service. As an additional component of the global operating model, the segment's equipment operations are consolidated into five product platforms — crop harvesting (combines, corn pickers, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders); turf and utility (utility vehicles, riding lawn equipment, walk-behind mowers, commercial mowing equipment, golf course equipment, implements for mowing, tilling, snow and debris handling, aerating and many other residential, commercial, golf and sports turf care applications; and other outdoor power products); hay and forage (self-propelled forage harvesters and attachments, balers and mowers); crop care (tillage, seeding and application equipment, including sprayers, nutrient management and soil preparation machinery); and tractors (loaders and large, medium and utility tractors and related attachments). John Deere also purchases certain products from other manufacturers for resale.

Additionally, the segment offers ancillary products and services supporting its agricultural and turf equipment customers. John Deere Landscapes, a unit of the segment, distributes irrigation equipment, nursery products and landscape supplies, including seed, fertilizer

and hardscape materials, primarily to landscape service professionals. John Deere Water, also a unit of the agriculture and turf segment, manufactures and distributes precision agricultural irrigation equipment and supplies.

The segment also provides integrated agricultural business and equipment management systems. John Deere has developed a comprehensive agricultural management systems approach using advanced communications, data collection and global satellite positioning technologies to enable farmers to better control input costs and yields, improve soil conservation and minimize chemical use and to gather information. John Deere's advanced telematics systems remotely connect agricultural equipment owners, business managers and dealers to agricultural equipment in the field, providing real-time alerts and information about equipment location, utilization, performance and maintenance to improve productivity and efficiency.

In addition to the John Deere brand, the agriculture and turf segment purchases and sells a variety of equipment attachments under the Frontier, Kemper and Green Systems brand names, and manufactures and sells walk-behind mowers and scarifiers in select European countries under the SABO brand name. John Deere manufactures its agricultural and turf equipment for sale primarily through independent retail dealer networks, and also builds products for sale by mass retailers, including The Home Depot and Lowe's.

Sales of agricultural equipment are affected by total farm cash receipts, which reflect levels of farm commodity prices, acreage planted, crop yields and governmental policies, including the amount and timing of government payments. Sales are also influenced by general economic conditions, farm land prices, farmers' debt levels and access to financing, interest and exchange rates, agricultural trends, including the production of and demand for renewable fuels, labor availability and costs, energy costs and other input costs associated with farming. Other important factors affecting new agricultural equipment sales are the value and level of used equipment, including tractors, harvesting equipment, self-propelled sprayers, hay and forage equipment and seeding equipment. Weather and climatic conditions can also affect buying decisions of agricultural equipment purchasers.

Innovations in machinery and technology also influence agricultural equipment purchasing. For example, larger, more productive equipment is well accepted where farmers are striving for more efficiency in their operations. Large, cost-efficient, highly-mechanized agricultural operations account for an important share of worldwide farm output. The large-size agricultural equipment used on such farms has been particularly important to John Deere. A large proportion of the equipment operations' total agricultural equipment sales in the U.S. and Canada, and a growing proportion of sales in many countries outside the U.S. and Canada, is comprised of tractors over 100 horsepower, self-propelled combines, self-propelled cotton pickers, self-propelled forage harvesters, self-propelled sprayers and seeding equipment. However, as John Deere expands its business globally, especially in developing countries where demand for smaller equipment is greater, John Deere's sales of small tractors below 100 horsepower are increasing and John Deere offers a number of harvesting solutions to support the development of mechanized harvesting of grain, oilseeds, cotton, sugar and biomass.

Retail sales of lawn and garden tractors, compact utility tractors, residential and commercial mowers, utility vehicles, and golf and turf equipment are influenced by weather conditions, consumer spending patterns and general economic conditions.

Seasonality . Seasonal patterns in retail demand for agricultural equipment result in substantial variations in the volume and mix of products sold to retail customers during various times of the year. Seasonal demand must be estimated in advance, and equipment must be manufactured in anticipation of such demand in order to achieve efficient utilization of manpower and facilities throughout the year. For certain equipment, John Deere offers early order discounts to retail customers. Production schedules are based, in part, on these early order programs. The segment incurs substantial seasonal variation in cash flows to finance production and inventory of agricultural equipment. The segment also incurs costs to finance sales to dealers in advance of seasonal demand. New combine and cotton harvesting equipment has been sold under early order programs with waivers of retail finance charges available to customers who take delivery of machines during off-season periods. In Australia, Canada and the U.S., there are typically several used equipment trade-in transactions for most new agricultural equipment sales. To provide support to its dealers for these used equipment trade-ins, John Deere provides dealers in these countries with a pool of funds, awarded to dealers as a percentage of the dealer cost for certain new eligible equipment sales. Dealers can use these funds to defray the costs of carrying or marketing used equipment inventory or to provide financing incentives to customers purchasing the used equipment.

Retail demand for turf and utility equipment is normally higher in the second and third quarters. John Deere is pursuing a strategy of building and shipping as close to retail demand as possible. Consequently, to increase asset turnover and reduce the average level of field inventories through the year, production and shipment schedules of these product lines will normally be proportionately higher in the second and third quarters of each year, corresponding closely to the seasonal pattern of retail sales.

Construction and Forestry

John Deere construction, earthmoving, material handling and forestry equipment includes a broad range of backhoe loaders, crawler dozers and loaders, four-wheel-drive loaders, excavators, motor graders, articulated dump trucks, landscape loaders, skid-steer loaders, log skidders, log feller bunchers, log loaders, log forwarders, log harvesters and a variety of attachments. John Deere provides the most complete line of forestry machines and attachments available in the world. The segment's forestry machines are distributed under the John Deere brand name and forestry attachments are distributed under the John Deere and Waratah brand names. In addition

to the equipment manufactured by the construction and forestry segment, John Deere purchases certain products from other manufacturers for resale. The segment also provides comprehensive fleet management telematics solutions designed to improve customer productivity and efficiency through access to fleet location, utilization and maintenance information.

The prevailing levels of residential, commercial and public construction and the condition of the forestry products industry influence retail sales of John Deere construction, earthmoving, material handling and forestry equipment. General economic conditions, the level of interest rates, the availability of credit and certain commodity prices such as those applicable to pulp, paper and saw logs also influence sales.

Pursuant to agreements between John Deere and Bell Equipment Limited (Bell), Bell licenses John Deere to manufacture articulated dump trucks in the U.S. for John Deere's distribution under the John Deere brand name in North, Central and South America. John Deere licenses Bell to manufacture and sell certain John Deere-designed construction equipment in specified territories of Africa. Bell is also the distributor of certain John Deere-manufactured construction equipment under the Bell brand name and forestry equipment under the John Deere brand name in certain territories of Africa. Bell and John Deere have agreed to terminate the articulated dump truck manufacturing and license agreements over the next few years, and John Deere will retain Bell as a dealer of construction and forestry equipment.

John Deere and Hitachi Construction Machinery Co. (Hitachi) have a joint venture for the manufacture of hydraulic excavators and track log loaders in the U.S. and Canada and a joint venture for the manufacture of excavators in Brazil. John Deere distributes Hitachi brands of construction and mining equipment in North, Central and South America. John Deere also has supply agreements with Hitachi under which a range of construction, earthmoving, material handling and forestry products manufactured by John Deere in the U.S., Finland and New Zealand are distributed by Hitachi in certain Asian markets.

The construction and forestry segment also has a joint venture in China for the manufacture of hydraulic excavators with Xuzhou Bohui Science & Technology Development Co. Ltd. (Xuzhou) known as Xuzhou XCG John Deere Machinery Manufacturing Co., Ltd. (XCGJD). In India, the construction and forestry segment manufactures construction equipment branded Leyland Deere through its joint venture with Ashok Leyland Limited, known as Ashok Leyland John Deere Construction Equipment Company Private Limited (ALJD).The segment has also established manufacturing capacity for construction and forestry equipment in Russia and construction equipment in China, and is establishing manufacturing capacity for construction equipment in Brazil.

The segment has a number of initiatives in the rent-to-rent, or short-term rental, market for construction, earthmoving and material handling equipment. These include specially designed rental programs for John Deere dealers and expanded cooperation with major, national equipment rental companies.

John Deere also owns Nortrax, Inc. and Nortrax Canada Inc. (collectively called Nortrax). Nortrax is an authorized John Deere dealer for construction, earthmoving, material handling and forestry equipment in a variety of markets in the U.S. and Canada. John Deere also owns a retail construction and forestry sales operation in Russia and owns retail forestry sales operations in Australia, Brazil, Finland, Ireland, New Zealand, Norway, Sweden and the United Kingdom.

Competition

The equipment operations sell products and services into a variety of highly competitive global and regional markets. The principal competitive factors in all markets include product performance, innovation and quality, distribution, customer service and price. In North America and many other parts of the world, John Deere's brand recognition is a competitive factor.

The competitive environment for the agriculture and turf segment includes some global competitors, including AGCO Corporation, CLAAS KGaA mbH, CNH Global N.V., Kubota Tractor Corporation and The Toro Company, and many regional and local competitors. These competitors have varying numbers of product lines competing with the segment's products and each have varying degrees of regional focus. An important part of the competition within the agricultural equipment industry during the past decade has come from a diverse variety of short-line and specialty manufacturers, as well as indigenous regional competitors, with differing manufacturing and marketing methods. Because of industry conditions, including the merger of certain large integrated competitors and the emergence and expanding global capability of many competitors, particularly in emerging and high potential markets such as Brazil, China, India and Russia where John Deere seeks to increase market share, the agricultural equipment business continues to undergo significant change and is becoming even more competitive. John Deere has continued to increase its global manufacturing capacity to compete in these markets. The segment's turf equipment is sold primarily in the highly competitive North American and Western European markets. The agriculture and turf segment's global operating model is designed to enhance the segment's competitive position by reducing complexity, implementing standard processes and increasing customer focus, speed and flexibility while building on the segment's broad global reach and deep understanding of the agriculture and turf care markets.

The construction and forestry segment operates in highly competitive North American and global markets, and is seeking to grow its competitive position in other parts of the world, including Brazil, China, India and Russia. Global competitors of the construction and forestry segment include Caterpillar Inc., Komatsu Ltd., Volvo Construction Equipment (part of Volvo Group AB), CNH Global

N.V., Tigercat Industries Inc. and Ponsse Plc. The segment manufactures construction, earthmoving and material handling equipment for over 90 percent of the types of equipment used in the U.S. and Canada.

Engineering and Research

John Deere invests heavily in engineering and research to improve the quality and performance of its products, to develop new products and to comply with government regulations. Such expenditures were $1,434 million or 4.3 percent of net sales in 2012, $1,226 million or 4.2 percent in 2011 and $1,052 million or 4.5 percent in 2010.

Manufacturing

Manufacturing Plants . In the U.S. and Canada, the equipment operations own and operate 19 factory locations and lease and operate another six locations, which contain approximately 27.3 million square feet of floor space. Of these 25 factories, 16 are devoted primarily to agriculture and turf equipment, four to construction and forestry equipment, one to engines, two to engine and component remanufacturing and two to hydraulic and power train components. Outside the U.S. and Canada, the equipment operations own or lease and operate: agriculture and turf equipment factories in Brazil, China, France, Germany, India, Israel, Mexico, the Netherlands, Russia and Spain; a construction and forestry assembly operation in Russia; engine factories in Argentina, France, India and Mexico; and forestry equipment factories in Finland and New Zealand. Agriculture equipment factories are being added in India, construction equipment factories are being added in Brazil and China, and an engine factory is being added in China. In addition, John Deere Water has manufacturing operations outside of North America in Argentina, Australia, Brazil, Chile, France, India, Israel and Spain. These factories and manufacturing operations outside the U.S. and Canada contain approximately 19.2 million square feet of floor space. The engine factories referred to above manufacture non-road, heavy duty diesel engines a majority of which are manufactured for John Deere's equipment operations. The remaining engines are sold to other regional and global original equipment manufacturers.

The equipment operations also have financial interests in other manufacturing organizations, which include agricultural equipment manufacturers in the U.S., an industrial truck manufacturer in South Africa, the Hitachi joint venture that builds hydraulic excavators and track log loaders in the U.S. and Canada and the Hitachi joint venture that will build hydraulic excavators in Brazil, the XCGJD joint venture that builds excavators, the ALJD joint venture that builds backhoes and four-wheel-drive loaders, ventures that manufacture transaxles and transmissions used in certain agriculture and turf segment products and a venture that remanufactures turbochargers, diesel particulate filters and electronics.

John Deere's facilities are well maintained, in good operating condition and are suitable for their present purposes. These facilities, together with both short-term and long-term planned capital expenditures, are expected to meet John Deere's manufacturing needs in the foreseeable future.

Capacity is adequate to satisfy John Deere's current expectations for retail market demand. The equipment operations' manufacturing strategy involves the implementation of appropriate levels of technology and automation to allow manufacturing processes to remain profitable at varying production levels. Operations are also designed to be flexible enough to accommodate the product design changes required to meet market conditions and changing customer requirements. Common manufacturing facilities and techniques are employed in the production of components for agriculture and turf equipment and construction and forestry equipment.

In order to utilize manufacturing facilities and technology more effectively, the equipment operations pursue continuous improvements in manufacturing processes. These include steps to streamline manufacturing processes and enhance responsiveness to customers. John Deere has implemented flexible assembly lines that can accommodate a wider product mix and deliver products in line with dealer and customer demand. Additionally, considerable effort is being directed to manufacturing cost reduction through process improvement, product design, advanced manufacturing technology, enhanced environmental management systems, supply management and logistics as well as compensation incentives related to productivity and organizational structure. In recent years, John Deere has experienced volatility in the price of many raw materials. John Deere has responded to cost pressures by implementing the cost-reduction measures described above and increasing prices. Significant cost increases, if they occur, could have an adverse effect on the Company's operating results. The equipment operations also pursue external sales of selected parts and components that can be manufactured and supplied to third parties on a competitive basis.

Capital Expenditures. The equipment operations' capital expenditures totaled $1,357 million in 2012, compared with $1,047 million in 2011 and $796 million in 2010. Provisions for depreciation applicable to these operations' property and equipment during these years were $549 million, $510 million and $477 million, respectively. Capital expenditures for the equipment operations in 2013 are currently estimated to be approximately $1,300 million. The 2013 expenditures will relate primarily to U.S. Tier 4 emission requirements, the modernization and restructuring of key manufacturing facilities, the construction of new manufacturing facilities, and the development of new products. Future levels of capital expenditures will depend on business conditions.

Patents and Trademarks

John Deere owns a significant number of patents, trade secrets, licenses and trademarks related to John Deere products and services, and expects the number to grow as John Deere continues to pursue technological innovations. John Deere's policy is to further its competitive position by filing patent applications in the U.S. and internationally to protect technology and improvements considered important to the business. John Deere believes that, in the aggregate, the rights under these patents and licenses are generally important to its operations and competitive position, but does not regard any of its businesses as being dependent upon any single patent or group of patents. However, certain John Deere trademarks, which contribute to John Deere's identity and the recognition of its products and services, including but not limited to the "John Deere" mark, the leaping deer logo, the "Nothing Runs Like a Deere" slogan and green and yellow equipment colors, are an integral part of John Deere's business, and their loss could have a material adverse effect on John Deere.

Marketing

In the U.S. and Canada, the equipment operations distribute equipment and service parts through the following facilities: two agriculture and turf equipment sales and administration offices located in Olathe, Kansas and Cary, North Carolina and one sales branch located in Grimsby, Ontario; and one construction, earthmoving, material handling and forestry equipment sales and administration office located in Moline, Illinois. In addition, the equipment operations operate a centralized parts distribution warehouse in coordination with eight regional parts depots and distribution centers in the U.S. and Canada.

Through these U.S. and Canadian facilities, John Deere markets products to approximately 2,490 dealer locations, most of which are independently owned. Of these, approximately 1,542 sell agricultural equipment, while 418 sell construction, earthmoving, material handling and/or forestry equipment. Nortrax owns some of the 418 dealer locations. Turf equipment is sold at most John Deere agricultural equipment locations, a few construction, earthmoving, material handling and forestry equipment locations, and about 530 turf-only locations, many of which also sell dissimilar lines of non-John Deere products. In addition, certain lawn and garden product lines are sold through The Home Depot and Lowe's. John Deere Landscapes operates its business from approximately 411 branch locations throughout the U.S. and Canada.

Outside the U.S. and Canada, John Deere agriculture and turf equipment is sold to distributors and dealers for resale in over 100 countries. Sales and administrative offices are located in Argentina, Australia, Brazil, China, France, Germany, India, Italy, Mexico, Poland, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine and the United Kingdom and an administrative office is located in Kenya. Associated companies doing business in China also sell agricultural equipment. Turf equipment sales outside the U.S. and Canada occur primarily in Europe and Australia. Construction, earthmoving, material handling and forestry equipment is sold to distributors and dealers primarily by sales offices located in Australia, Brazil, Finland, Ireland, New Zealand, Russia and Singapore. Some of these dealers are independently owned while John Deere owns others. The equipment operations operate centralized parts distribution warehouses in Brazil, Germany and Russia in coordination with regional parts depots and distribution centers in Argentina, Australia, China, India, Mexico, South Africa, Sweden and the United Kingdom.

John Deere Water operates from 24 sales and marketing locations and 19 warehousing locations in 15 countries including Argentina, Australia, Brazil, Chile, China, Ecuador, France, India, Israel, Italy, Mexico, Russia, Spain, Turkey and the U.S. John Deere Water's products are marketed through approximately 700 independent dealers and distributors in over 100 countries.

John Deere engines are marketed worldwide through select sales branches to large original equipment manufacturers and independently owned engine distributors.

Raw Materials

John Deere purchases raw materials and some manufactured components and replacement parts for its equipment, engines and other products from leading suppliers both domestically and internationally. These materials and components include a variety of steel products, steel and iron castings, forgings, plastics, electronics and ready to assemble components made to certain specifications. John Deere also purchases various goods and services used in production, logistics, offices and research and development processes. John Deere maintains strategic sourcing models to meet its production needs and build upon long-term supplier relationships. John Deere uses a variety of agreements with suppliers intended to drive innovation, ensure availability and delivery of industry-leading quality raw materials and components, manage costs on a globally competitive basis, protect John Deere's intellectual property and minimize other supply-related risks. Supply chain risks monitored by John Deere to minimize the likelihood of the supply base causing business disruption include supplier financial viability, capacity, business continuity, quality and delivery, and weather-related events including natural disasters. In fiscal year 2012, John Deere experienced no significant work stoppages as a result of shortages of raw materials or other commodities.

Backlog Orders

The dollar amount of backlog orders for the agriculture and turf segment believed to be firm was approximately $5.5 billion at October 31, 2012, compared with $5.5 billion at October 31, 2011. The agriculture and turf backlog is generally highest in the second and third quarters due to seasonal buying trends in these industries. John Deere generally produces and ships its construction and forestry equipment on average within approximately 60 days after an order is deemed to become firm. Therefore, no significant amount of construction and forestry backlog orders accumulates during any period.

Trade Accounts and Notes Receivable

Trade accounts and notes receivable arise primarily from sales of goods to independent dealers. Most trade receivables originated by the equipment operations are purchased by the financial services operations. The equipment operations compensate the financial services operations at approximate market rates of interest for these receivables. Additional information appears in Note 12 to the Consolidated Financial Statements.

FINANCIAL SERVICES

U.S. and Canada . The financial services segment primarily provides and administers financing for retail purchases from John Deere dealers of new equipment manufactured by John Deere's agriculture and turf and construction and forestry segments and used equipment taken in trade for this equipment.

The Company and John Deere Construction & Forestry Company (a wholly-owned subsidiary of the Company) are referred to as the "sales companies." John Deere Capital Corporation (Capital Corporation), a U.S. financial services subsidiary, generally purchases retail installment sales and loan contracts (retail notes) from the sales companies. These retail notes are acquired by the sales companies through John Deere retail dealers in the U.S. John Deere Financial Inc. (formerly John Deere Credit Inc.), a Canadian financial services subsidiary, purchases and finances retail notes acquired by John Deere Canada ULC, the Company's Canadian sales branch. The terms of retail notes and the basis on which the financial services operations acquire retail notes from the sales companies are governed by agreements with the sales companies. The financial services segment also finances and services revolving charge accounts, in most cases acquired from and offered through merchants in the agriculture and turf and construction and forestry markets (revolving charge accounts). Further, the financial services operations finance and service operating loans. Additionally, the financial services operations provide wholesale financing for inventories of John Deere agriculture and turf equipment and construction and forestry equipment owned by dealers of those products (wholesale notes). The various financing options offered by the financial services operations are designed to enhance sales of John Deere products and generate financing income for the financial services operations. In the U.S., certain subsidiaries included in the financial services segment offer crop risk mitigation products and certain subsidiaries offer extended equipment warranties.

Retail notes acquired by the sales companies are immediately sold to the financial services operations. The equipment operations are the financial services operations' major source of business, but many retail purchasers of John Deere products finance their purchases outside the John Deere organization through a variety of sources, including commercial banks and finance and leasing companies.

The financial services operations offer retail leases to equipment users in the U.S. A small number of leases are executed with units of local government. Leases are usually written for periods of four months to sixty months, and typically contain an option permitting the customer to purchase the equipment at the end of the lease term. Retail leases are also offered in a generally similar manner to customers in Canada through John Deere Financial Inc. and John Deere Canada ULC.

The financial services operations' terms for financing equipment retail sales (other than smaller items financed with unsecured revolving charge accounts) provide for retention of a security interest in the equipment financed. The financial services operations' guidelines for minimum down payments, which vary with the types of equipment and repayment provisions, are generally 10 percent to 30 percent. Finance charges are sometimes waived for specified periods or reduced on certain John Deere products sold or leased in advance of the season of use or in other sales promotions. The financial services operations generally receive compensation from the sales companies at approximate market interest rates for periods during which finance charges are waived or reduced on the retail notes or leases. The cost is accounted for as a deduction in arriving at net sales by the equipment operations.

The Company has an agreement with Capital Corporation to make payments to Capital Corporation such that its ratio of earnings to fixed charges is not less than 1.05 to 1 for any fiscal quarter. For 2012 and 2011, Capital Corporation's ratios were 2.30 to 1 and 2.18 to 1, respectively, and never less than 2.02 to 1 and 1.96 to 1 for any fiscal quarter of 2012 and 2011, respectively. The Company has also committed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of Capital Corporation and to maintain Capital Corporation's consolidated tangible net worth at not less than $50 million. The Company's obligations to make payments to Capital Corporation under the agreement are independent of whether Capital Corporation is in default on its indebtedness, obligations or other liabilities. Further, the Company's obligations under the agreement are not measured by the amount of Capital Corporation's indebtedness, obligations or other liabilities. The Company's obligations to make payments under this agreement are expressly stated not to be a guaranty of any specific indebtedness, obligation or liability of

Capital Corporation and are enforceable only by or in the name of Capital Corporation. No payments were required under this agreement in 2012 or 2011.

Outside the U.S. and Canada . The financial services operations also offer financing, primarily for John Deere products, in Australia, China, India, New Zealand, Russia, Thailand and in several other countries in Asia, Europe and in Latin America. In certain areas, financing is offered through cooperation agreements or joint ventures. The manner in which the financial services operations offer financing in these countries is affected by a variety of country specific laws, regulations and customs, including those governing property rights and debtor obligations, that are subject to change and that may introduce greater risk to the financial services operations.

The financial services operations also offer to select customers and dealers credit enhanced international export financing for the purchase of John Deere products.

Additional information on the financial services operations appears on pages 22, 23, 26 and 28.

ENVIRONMENTAL MATTERS

John Deere is subject to a wide variety of local, state and federal environmental laws and regulations in the U.S., as well as the environmental laws and regulations of other countries in which John Deere conducts business. John Deere strives to comply, and believes it is in compliance, in all material respects, with applicable laws and regulations. However, failure to comply with these regulations could lead to fines and other penalties. John Deere is involved in the evaluation and clean-up of a limited number of sites but does not expect that these matters, or other expenses or liabilities John Deere may incur in connection with any noncompliance with environmental laws or regulations or the cleanup of any additional properties, will have a material adverse effect on the consolidated financial position, results of operations, cash flows or competitive position of John Deere. With respect to acquired properties and businesses or properties and businesses acquired in the future, John Deere conducts due diligence into potential exposure to environmental liabilities, but cannot be certain that it has identified or will identify all adverse environmental conditions. Compliance with these laws and regulations has added, and will continue to add, to the cost of John Deere’s products.

The U.S. Environmental Protection Agency has issued increasingly stringent regulations concerning permissible emissions of off-road engines, and governmental agencies throughout the world are similarly enacting more stringent laws to reduce off-road engine emissions. John Deere has achieved, and plans to continue to achieve, compliance with these regulations through significant investments in the development of new engine technologies and after-treatment systems. Compliance with emissions regulations has added, and will continue to add, to the cost of John Deere’s products.

EMPLOYEES

At October 31, 2012, John Deere had approximately 66,900 full-time employees, including approximately 34,600 employees in the U.S. and Canada. From time to time, John Deere also retains consultants, independent contractors, and temporary and part-time workers. Unions are certified as bargaining agents for approximately 82 percent of John Deere’s U.S. production and maintenance employees. Approximately 11,700 of John Deere’s U.S. production and maintenance workers are covered by a collective bargaining agreement with the United Auto Workers (UAW), with an expiration date of October 1, 2015.

Unions also represent the majority of employees at John Deere manufacturing facilities outside the U.S.

EXECUTIVE OFFICERS OF THE REGISTRANT

Following are the names and ages of the executive officers of the Company, their positions with the Company and summaries of their backgrounds and business experience. All executive officers are elected or appointed by the Board of Directors and hold office until the annual meeting of the Board of Directors following the annual meeting of stockholders in each year.

Name, age and office (at December 1, 2012), and year elected to office				Principal occupation during last five years other than office of the Company currently held
Samuel R. Allen	59	Chairman and Chief Executive Officer	2010	August 2009-February 2010 President and Chief Executive Officer; June 2009-August 2009 President and Chief Operating Officer; 2005-2009 President, Worldwide Construction & Forestry Division and John Deere Power Systems
James M. Field	49	President, Agriculture & Turf Division-	2012	June 2009-August 2012, Senior Vice

		Americas, Australia and Global Harvesting & Turf Platforms		President and Chief Financial Officer; 2007-2009 President, Worldwide Commercial & Consumer Equipment Division; 2002-2007 Vice President and Comptroller
Jean H. Gilles	55	Senior Vice President John Deere Power Systems, Worldwide Parts Services, Advanced Technology & Engineering, Global Supply Management and Logistics	2010	June 2009-June 2010 Senior Vice President, John Deere Power Systems, John Deere Intelligent Solutions Group and Advanced Technology and Engineering; 2005-2009 Senior Vice President, John Deere Power Systems
Max A. Guinn	54	Senior Vice President, Human Resources, Communications, Public Affairs, and Labor Relations	2012	2009-2012 Senior Vice President Agriculture & Turf Division, Global Platform, Crop Harvesting; 2006-2009 Senior Vice President, Manufacturing & Engineering, Harvesting Equipment, Worldwide Agricultural Division
James A. Israel	56	President, Worldwide Financial Services Division	2006	Has held this position for the last five years
James R. Jenkins	67	Senior Vice President and General Counsel	2000	Has held this position for the last five years
Rajesh Kalathur	44	Senior Vice President and Chief Financial Officer	2012	April 2012 — September 2012 Deputy Financial Officer; 2009-2012 Vice President, Sales & Marketing, China/India/South and East Asia/Sub-Saharan and South Africa, Agriculture & Turf Division; 2006-2009 Managing Director and CEO, John Deere India Private Limited, a wholly owned subsidiary of the Company
Michael J. Mack, Jr.	56	President, Worldwide Construction & Forestry Division	2009	2006-2009 Senior Vice President and Chief Financial Officer;
John C. May	43	President Agricultural Solutions & Chief Information Officer	2012	2009-2012 Vice President, Agriculture & Turf Global Platform, Turf & Utility; 2007-2009 Factory Manager, John Deere Dubuque Works
Markwart von Pentz	49	President, Agriculture & Turf Division-Europe, Asia, Africa, and Global Tractor Platform	2012	2009-2012 President, Agriculture & Turf Division-Europe, CIS, Northern Africa, Middle East, Latin America, and Global Harvesting, Crop Care, Hay & Forage Products; 2007-2009 President, Agricultural Division - Europe, Africa, South America and Global Harvesting Equipment Sourcing; 2006-2007 Senior Vice President Marketing and Product Support - Europe, Africa and Middle East

ITEM 1A. RISK FACTORS.

The following risks are considered the most significant to John Deere's business based upon current knowledge, information and assumptions. This discussion of risk factors should be considered closely in conjunction with Management's Discussion and Analysis beginning on page 21, including the risks and uncertainties described in the Safe Harbor Statement on pages 23 through 25, and the Notes to Consolidated Financial Statements beginning on page 36. These risk factors and other forward-looking statements that relate to future events, expectations, trends and operating periods involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially. Some of these risks and uncertainties could affect particular lines of business, while others could affect all of the Company's businesses. Although each risk is discussed separately, many are interrelated. The Company, except as required by law, undertakes no obligation to update or revise this risk factors discussion, whether as a result of new developments or otherwise. The risks described in this Annual Report on Form 10-K, and the "Safe Harbor Statement" in this report, are not the only risks faced by the Company. Additional risks and uncertainties may also materially affect the Company's business, financial condition or operating results. You should not consider these risk factors to be a complete discussion of risks, uncertainties and assumptions.

International, national and regional trade laws, regulations and policies (particularly those related to or restricting global trade) and government farm programs and policies, could significantly impair John Deere's profitability and growth prospects .

International, national and regional laws, regulations and policies directly or indirectly related to or restricting trade, including protectionist policies in particular jurisdictions or for the benefit of favored industries or sectors, could harm John Deere's multinational business. John Deere's profitability and growth prospects are tied directly to the global marketplace. Restricted access to global markets impairs John Deere's ability to export goods and services from its various manufacturing locations around the world, and limits the ability to access raw materials and high quality parts and components at competitive prices on a timely basis. While trade agreements may expand opportunities, trade restrictions could limit John Deere's ability to capitalize on current and future growth opportunities in international markets and impair John Deere's ability to expand the business by offering new technologies, products and services. Furthermore, the ability to export agricultural and forestry commodities is critical to John Deere's agricultural and forestry customers. Policies impacting exchange rates and commodity prices or those limiting the export or import of commodities, including the outcome of the global negotiations under the auspices of the World Trade Organization, could have a material adverse effect on the international flow of agricultural and other commodities which may result in a corresponding negative effect on the demand for agricultural and forestry equipment in many areas of the world. John Deere's agricultural equipment sales could be especially harmed because farm income strongly influences sales of agricultural equipment around the world. Furthermore, trade restrictions could impede those in developing countries from achieving a higher standard of living, which could negatively impact John Deere's future growth opportunities arising from increasing global demand for food, fuel and infrastructure. Furthermore, changes in government farm programs and policies, including direct payment and other subsidies, can significantly influence demand for agricultural equipment.

Changes in government banking, monetary and fiscal policies could have a negative effect on John Deere.

Policies of the U.S. and other governments regarding banking, monetary and fiscal policies intended to promote or maintain liquidity, stabilize financial markets and/or address local deficit or structural economic issues may not be effective and could have a material impact on John Deere's customers and markets. John Deere's operations and results could also be impacted by financial regulatory reform which could have an adverse affect on the financial services segment and John Deere's customers by limiting their ability to finance purchases of John Deere products. Governmental policies on taxes and spending can also affect John Deere, especially the construction and forestry segment due to the impact of government spending on infrastructure development.

Changing worldwide demand for food and for different forms of bio-energy could have an effect on the price of farm commodities and consequently the demand for certain John Deere equipment and could also result in higher research and development costs related to changing machine fuel requirements.

Changing worldwide demand for farm outputs to meet the world's growing food and bio-energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. While higher commodity prices will benefit John Deere's crop producing agricultural equipment customers, higher commodity prices also result in greater feed costs for livestock and poultry producers which in turn may result in lower levels of equipment purchased by these customers. Furthermore, changing bio-fuel demands may cause farmers to change the types or quantities of the crops they raise, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect demand for John Deere's gasoline- or diesel-fueled equipment and result in higher research and development costs related to equipment fuel standards.

As John Deere seeks to expand its business globally, growth opportunities may be impacted by greater political, economic and social uncertainty and the continuing and accelerating globalization of businesses could significantly change the dynamics of John Deere's competition, customer base and product offerings.

John Deere's efforts to grow its businesses depend to a large extent upon access to, and its success in developing market share and operating profitably in, additional geographic markets including but not limited to Brazil, China, India and Russia. In some cases, these countries have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions and differing local customer product preferences and requirements than John Deere's other markets. Operating and seeking to expand business in a number of different regions and countries exposes John Deere to multiple and potentially conflicting cultural practices, business practices and legal and regulatory requirements that are subject to change, including those related to tariffs and trade barriers, investments, property ownership rights, taxation and repatriation of earnings and advanced technologies. Expanding business operations globally also increases exposure to currency fluctuations which can materially affect the Company's financial results. As these emerging geographic markets become more important to John Deere, its competitors are also seeking to expand their production capacities and sales in these same markets. While John Deere maintains a positive corporate image and the John Deere brand is widely recognized and valued in its traditional markets, the brand is less well known in some emerging markets which could impede John Deere's efforts to successfully compete in these markets. Although John Deere is taking measures to adapt to these changing circumstances, John Deere's reputation and/or business results could be negatively affected should these efforts prove unsuccessful.

John Deere operates in highly competitive markets.

John Deere operates in a variety of highly competitive global and regional markets. John Deere competes worldwide with a number of other manufacturers and distributors that produce and sell similar products. John Deere competes on the basis of product performance, innovation and quality, distribution, customer service and price. Aggressive pricing or other strategies pursued by competitors, unanticipated product or manufacturing delays or John Deere's failure to price its products competitively could adversely affect John Deere's business, results of operations and financial condition.

John Deere is subject to extensive anti-corruption laws and regulations.

John Deere's international operations must comply with U.S. law, including the U.S. Foreign Corrupt Practices Act (FCPA). The FCPA and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business regardless of whether those practices are legal or culturally expected in the foreign jurisdiction. Recently, there has been a substantial increase in the global enforcement of anti-corruption laws. Although John Deere has a compliance program in place designed to reduce the likelihood of potential violations of such laws, violations of these laws could result in criminal or civil sanctions and an adverse effect on John Deere's reputation, business and results of operations and financial condition.

Negative economic conditions and outlook can materially weaken demand for John Deere's equipment and services, limit access to funding and result in higher funding costs.

The demand for John Deere's products and services can be significantly reduced in an economic environment characterized by high unemployment, cautious consumer spending, lower corporate earnings and lower business investment. Negative or uncertain economic conditions causing John Deere's customers to lack confidence in the general economic outlook can significantly reduce their propensity to purchase John Deere's equipment. Sustained or negative economic conditions and outlook affect housing starts and other construction which dampens demand for certain construction equipment. John Deere's turf operations and its construction and forestry segment are dependent on construction activity and general economic conditions. Sustained low levels or decreases in construction activity and housing starts could have a material adverse effect on the Company's results of operations. If negative economic conditions affect the overall farm economy, there could be a similar effect on John Deere's agricultural equipment sales. In addition, negative or uncertain economic conditions and outlook can cause significant changes in capital market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce the Company's earnings and cash flows. Additionally, the Company's investment management activities could be adversely affected by changes in the equity and bond markets, which would negatively affect earnings.

Concerns regarding the European debt crisis and market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect John Deere's business, results of operations and financing.

Concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the

Company's euro- denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally, and more specifically on the ability of the Company and John Deere's customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, on the availability of supplies and materials and on the demand for John Deere products.

The Company's consolidated financial results are reported in U.S. dollars while certain assets and other reported items are denominated in the currencies of other countries, creating currency translation risk.

John Deere operates in many areas of the world, involving transactions denominated in a variety of currencies. John Deere is subject to currency exchange risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. Additionally, the reporting currency for the Company's consolidated financial statements is the U.S. dollar. Certain of John Deere's assets, liabilities, expenses and revenues are denominated in other countries' currencies. Those assets, liabilities, expenses and revenues are translated into U.S. dollars at the applicable exchange rates to prepare the Company's consolidated financial statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items as reflected in the Company's consolidated financial statements, even if their value remains unchanged in their original currency. Substantial fluctuations in the value of the U.S. dollar could have a significant impact on John Deere's results.

Because the financial services segment provides financing for a significant portion of John Deere sales worldwide, John Deere's operations and financial results could be impacted materially should negative economic conditions affect the financial industry.

In recent years, negative economic conditions have frequently had an adverse effect on the financial industry in which the financial services segment operates. The financial services segment provides financing for a significant portion of John Deere's sales worldwide. The financial services segment is exposed to the credit risk of its various counterparties. The financial services segment may experience credit losses that exceed its expectations and adversely affect its financial condition and results of operations. The financial services segment's inability to access funds or to access funds at cost effective rates to support its financing activities to John Deere's customers could have a material adverse effect on John Deere's business. The financial services segment's liquidity and ongoing profitability depend largely on timely access to capital to meet future cash flow requirements and fund operations and the costs associated with engaging in diversified funding activities. Additionally, negative market conditions could reduce customer confidence levels, resulting in declines in credit applications and increases in delinquencies and default rates, which could materially impact the financial services segment's write-offs and provision for credit losses.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Act), and the regulations implementing the Act, could impose additional supervisory, financial and reporting requirements and compliance costs on John Deere and John Deere's financial services operations and could therefore adversely affect John Deere and its financial services segment.

The Act was enacted on July 21, 2010 to broadly reform practices in the financial services industry, including equipment financing and securitizations. The Act directs federal agencies, including the Consumer Financial Protection Bureau, the U.S. Federal Reserve Board, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation and others, to adopt rules to regulate depository institutions, non-bank financial institutions, thrift holding companies, the consumer finance industry and the capital markets, including certain commercial transactions such as derivatives contracts. Although the effects of the Act on the capital markets and the financial industry are largely unknown until regulations have been finalized and implemented, the Act and its regulations are expected to impose additional reporting requirements, leverage, capital and other supervisory and financial standards and restrictions that increase regulatory-related compliance costs for John Deere and John Deere's financial services operations and could adversely affect John Deere and its financial services segment's funding activities, liquidity, structure (including relationships with affiliates), operations and performance. The U.S. Federal Reserve Board has recently proposed capital requirements for certain institutions including thrift holding companies. Under the proposed rules, certain risk-based capital levels would need to be maintained in order to avoid the imposition of new restrictions on making dividends and other capital payouts. Moreover, our operations, including those outside of the United States, could also be impacted by non-U.S. regulatory reforms, including Basel III, being implemented to further regulate non-U.S. financial institutions and markets.

John Deere's business results depend largely on its ability to understand its customers' specific preferences and requirements, and to develop, manufacture and market products that meet customer demand.

John Deere's ability to match new product offerings to diverse global customers' anticipated preferences for different types and sizes of equipment and various equipment features and functionality, at affordable prices, is critical to its success. This requires a thorough understanding of John Deere's existing and potential customers on a global basis, particularly in potential high growth markets, including Brazil, China, India and Russia. Failure to deliver quality products that meet customer needs at competitive prices ahead of competitors could have a significant adverse effect on John Deere's business.

John Deere's business may be directly and indirectly affected by unfavorable weather conditions or natural disasters that reduce agricultural production and demand for agricultural and turf equipment.

Poor or unusual weather conditions, particularly during the planting and early growing season, can significantly affect the purchasing decisions of John Deere's customers, particularly the purchasers of agriculture and turf equipment. The timing and quantity of rainfall are two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting new crops and may cause growing crops to die or result in lower yields. Excessive rain or flooding can also prevent planting from occurring at optimal times, and may cause crop loss through increased disease or mold growth. Temperatures outside normal ranges can also cause crop failure or decreased yields, and may also affect disease incidence. Temperature affects the rate of growth, crop maturity and crop quality. Natural calamities such as regional floods, hurricanes or other storms, and droughts can have significant negative effects on agricultural production. The resulting negative impact on farm income can strongly affect demand for agricultural equipment. In addition, poor or unusual weather conditions at critical periods in the planting, growing or harvesting seasons can impact the profitability of crop risk mitigation products. Sales of turf equipment, particularly during the important spring selling season, can be dramatically impacted by weather. Adverse weather conditions in a particular geographic region may adversely affect sales of some turf equipment. Drought conditions can adversely affect sales of certain mowing equipment and unusually rainy weather can similarly cause lower sales volumes.

Changes in the availability and price of certain raw materials, components and whole goods could result in production disruptions or increased costs and lower profits on sales of John Deere products .

John Deere requires access to various raw materials, components and whole goods at competitive prices to manufacture and distribute its products. Changes in the availability and price of these raw materials, components and whole goods, which have fluctuated significantly in the past and which are more likely to occur during times of economic volatility, can significantly increase the costs of production which could have a material negative effect on the profitability of the business, particularly if John Deere, due to pricing considerations or other factors, was unable to recover the increased costs from its customers. John Deere relies on suppliers to acquire raw materials, components and whole goods required to manufacture its products. Certain components and parts used in John Deere's products are available from a single supplier and cannot be re-sourced quickly. Supply chain disruptions due to supplier financial viability, capacity constraints, business continuity, quality, delivery, or disruptions due to weather related or natural disaster events could affect John Deere's operations and profitability.

John Deere's equipment operations and financial services segment are subject to interest rate risks. Changes in interest rates can reduce demand for equipment, adversely affect interest margins and limit the ability to access capital markets while increasing borrowing costs.

Rising interest rates could have a dampening effect on overall economic activity and/or the financial condition of John Deere's customers, either or both of which could negatively affect customer demand for John Deere equipment and customers' ability to repay obligations to John Deere. In addition, credit market dislocations, including as a result of Eurozone concerns, could have an impact on funding costs which are very important to John Deere's financial services segment because such costs affect the segment's ability to offer customers competitive financing rates. In addition, changing interest rates could have an adverse effect on the Company's net interest rate margin—the difference between the yield the Company earns on its assets and the interest rates the Company pays for funding, which could in turn affect the Company's net interest income and earnings. Actions by credit rating agencies, such as downgrades or negative changes to ratings outlooks, can affect the availability and cost of funding for the Company and can increase the Company's cost of capital and hurt its competitive position.

John Deere's operations are subject to and affected by increasingly rigorous environmental, health and safety laws and regulations of federal, state and local authorities in the U.S. and various regulatory authorities with jurisdiction over John Deere's international operations. In addition, private civil litigation on these subjects has increased, primarily in the U.S.

Enforcement actions arising from violations of environmental, health and safety laws or regulations can lead to investigation and defense costs, and result in significant fines or penalties. In addition, new or more stringent requirements of governmental authorities could prevent or restrict John Deere's operations, require significant expenditures to achieve compliance and/or give rise to civil or criminal liability. There can be no assurance that violations of such legislation and/or regulations, or private civil claims for damages to property or personal injury arising from the environmental, health or safety impacts of John Deere's operations, would not have consequences that result in a material adverse effect on John Deere's business, financial condition or results of operations.

Increasingly stringent engine emission standards could impact John Deere's ability to manufacture and distribute certain engines or equipment which could negatively affect business results.

John Deere's equipment operations must meet increasingly stringent engine emission reduction standards, including USEPA, Interim Tier 4, Final Tier 4 and EU Stage IIIb and Stage IV non-road diesel emission requirements. These standards are applicable to many engines manufactured by John Deere and used in many models of John Deere agricultural and construction and forestry equipment. In order to meet these standards, John Deere has incurred and continues to incur substantial research and development costs and is introducing many new equipment models, largely due to the implementation of these more rigorous standards. While John Deere has developed and is executing comprehensive plans to meet these requirements, and does not currently foresee significant obstacles that

would prevent timely compliance, these plans are subject to many variables that could delay or otherwise affect John Deere's ability to manufacture and distribute certain equipment or engines, which could negatively impact business results.

John Deere may incur increased costs due to new or more stringent greenhouse gas emission standards designed to address climate change and could be further impacted by physical effects attributed to climate change on its facilities, suppliers and customers.

There is a growing political and scientific consensus that emissions of greenhouse gases ("GHG") continue to alter the composition of the global atmosphere in ways that are affecting and are expected to continue to affect the global climate. These considerations may lead to international, national, regional or local legislative or regulatory responses in the future. Various stakeholders, including legislators and regulators, shareholders and non-governmental organizations, as well as companies in many business sectors, including John Deere, are considering ways to reduce GHG emissions. The regulation of GHG emissions from certain stationary or mobile sources could result in additional costs to John Deere in the form of taxes or emission allowances, facilities improvements and energy costs (which would increase John Deere's operating costs through higher utility, transportation and materials costs). The regulation of GHG emissions from non-road sources could require further changes to the design of John Deere's engines and equipment. Increased input costs, such as fuel and fertilizer, and compliance-related costs could also impact customer operations and demand for John Deere equipment. Because the impact of any future GHG legislative, regulatory or product standard requirements on John Deere's global businesses and products is dependent on the timing and design of the mandates or standards, John Deere is unable to predict its significance at this time.

Furthermore, the potential physical impacts of climate change on John Deere's facilities, suppliers and customers, and therefore on John Deere's operations, are highly uncertain, and will be particular to the circumstances developing in various geographical regions. These may include changes in weather patterns (including drought and rainfall levels), water availability, storm patterns and intensities, and temperature levels. These potential physical effects may adversely impact the demand for John Deere's products and the cost, production, sales and financial performance of John Deere's operations.

Sustained increases in funding obligations under the Company's pension plans may impair our liquidity or financial condition.

The Company maintains certain defined benefit pension plans for certain employees, which impose on us funding obligations. The Company uses many assumptions in calculating its future payment obligations under the plans. Significant adverse changes in credit or market conditions could result in actual rates of returns being lower than expected. The Company may be required to make significant contributions to its pension plans in the future. These factors could significantly increase the Company's payment obligations under the plans and adversely affect its business, results of operations and financial condition.

The reallocation of radio frequency (RF) spectrums could disrupt or degrade the reliability of John Deere's high precision augmented Global Positioning System (GPS) technology, which could impair John Deere's ability to develop and market GPS-based technology solutions as well as significantly reduce agricultural and construction customers' profitability.

John Deere's current and planned integrated agricultural business and equipment management systems, as well as its fleet management telematics solutions for construction equipment, depend upon the use of RF signals. These signals include, but are not limited to, GPS signals, other GPS-like satellite signals, augmented GPS services and other RF equipment which link equipment, operations, owners, dealers and technicians. These radio services depend on frequency allocations governed by international and national agencies. Any international or national reallocation of frequency bands, including frequency bands segmentation and band spectrum sharing, or other modifications concerning the regulation of frequency bands, could significantly disrupt or degrade the utility and reliability of John Deere's GPS-based products, which could negatively affect John Deere's ability to develop and market GPS-based technology solutions. For John Deere's agricultural customers, the inability to use high-precision augmented GPS signals (or other RF signals) could result in lower crop yields and higher equipment maintenance, seed, fertilizer, fuel and wage costs. For construction customers, disrupting GPS (or RF) applications could result in higher fuel and equipment maintenance costs, as well as lower construction design and project management efficiencies. These cost increases could significantly reduce customers' profitability and demand for John Deere products.

Security breaches and other disruptions to John Deere's information technology infrastructure could interfere with John Deere's operations, and could compromise John Deere's and its customers' and suppliers' information, exposing John Deere to liability which would cause John Deere's business and reputation to suffer.

In the ordinary course of business, John Deere relies upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing, and collection of payments from dealers or other purchasers of John Deere equipment and from customers of John Deere's financial services operations. John Deere uses information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, John Deere collects and stores sensitive data, including intellectual property, proprietary business information, the proprietary business information of our customers and suppliers, as well as personally identifiable information of John Deere's customers and employees, in data centers and on information

technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to John Deere's business operations and strategy. Despite security measures and business continuity plans, John Deere's information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to employee error or malfeasance, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise John Deere's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage John Deere's reputation, which could adversely affect John Deere's business.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

See "Manufacturing" in Item 1.

The equipment operations own or lease nine facilities housing one centralized parts distribution center and eight regional parts depots and distribution centers throughout the U.S. and Canada. These facilities contain approximately 5.3 million square feet of floor space. Outside the U.S. and Canada the equipment operations also own or lease and occupy buildings housing three centralized parts distribution centers in Brazil, Germany and Russia and regional parts depots and distribution centers in Argentina, Australia, China, India, Mexico, South Africa, Sweden and the United Kingdom. These facilities contain approximately 2.8 million square feet of floor space. John Deere also owns facilities for the manufacture and distribution of other brands of replacement parts containing approximately 1.1 million square feet. John Deere has announced plans to increase parts facilities floor space in India.

The Company's administrative offices and research facilities, which are owned and leased by John Deere, together contain about 3.5 million square feet of floor space globally and miscellaneous other facilities total 7.3 million square feet globally.

Overall, John Deere owns approximately 53.9 million square feet of facilities and leases approximately 18.5 million additional square feet in various locations.

ITEM 3. LEGAL PROCEEDINGS.

John Deere is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to product liability (including asbestos-related liability), retail credit, software licensing, patent, trademark and environmental matters. John Deere believes the reasonably possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its financial statements.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) The Company's common stock is listed on the New York Stock Exchange. See the information concerning quoted prices of the Company's common stock, the number of stockholders and the data on dividends declared and paid per share in Notes 29 and 30.

(b) Not applicable.

(c) The Company's purchases of its common stock during the fourth quarter of 2012 were as follows:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	**Total Number of Shares Purchased (thousands)**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1) (thousands)**	**Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs (1) (millions)**
Aug 1 to Aug 31	1,890	$ 77.40	1,890	31.7
Sept 1 to Sept 30	1,604	77.12	1,604	30.2
Oct 1 to Oct 31	1,115	82.85	1,115	29.1
Total	4,609		4,609	

(1) During the fourth quarter of 2012, the Company had a share repurchase plan that was announced in May 2008 to purchase up to $5,000 million of shares of the Company's common stock. The maximum number of shares above that may yet be purchased under this plan is based on the October 31, 2012 closing share price of $85.44 per share. At October 31, 2012, $2,489 million of common stock remain to be purchased under this plan.

ITEM 6. SELECTED FINANCIAL DATA.

Financial Summary

(Millions of dollars except per share amounts)	**2012**	**2011**	**2010**	**2009***	**2008***
For the Year Ended October 31:					
Total net sales and revenues	$ 36,157	$ 32,013	$ 26,005	$ 23,112	$ 28,438
Income from continuing operations and net income attributable to Deere & Company	$ 3,065	$ 2,800	$ 1,865	$ 873	$ 2,053
Net income per share — basic	$ 7.72	$ 6.71	$ 4.40	$ 2.07	$ 4.76
Net income per share — diluted	$ 7.63	$ 6.63	$ 4.35	$ 2.06	$ 4.70
Dividends declared per share	$ 1.79	$ 1.52	$ 1.16	$ 1.12	$ 1.06
At October 31:					
Total assets	$ 56,266	$ 48,207	$ 43,267	$ 41,133	$ 38,735
Long-term borrowings	$ 22,453	$ 16,960	$ 16,815	$ 17,392	$ 13,899

* In 2009, the Company had a goodwill impairment charge of $274 million after-tax, or $.65 per share, voluntary employee separation expenses of $58 million after-tax, or $.13 per share, and special charges related to Welland, Ontario, Canada of $30 million after-tax, or $.07 per share. In 2008, the Company had special charges of $31 million after-tax, or $.07 per share, related to closing a facility in Welland.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

See the information under the caption "Management's Discussion and Analysis" on pages 21 - 31.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to a variety of market risks, including interest rates and currency exchange rates. The Company attempts to actively manage these risks. See the information under "Management's Discussion and Analysis" beginning on page 21 and in Note 27 to the Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See the Consolidated Financial Statements and notes thereto and supplementary data on pages 32 - 65.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's principal executive officer and its principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) were effective as of October 31, 2012, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act. During the fourth quarter, there were no changes that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2012, using the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management believes that, as of October 31, 2012, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. That report is included herein.

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information regarding directors in the proxy statement expected to be filed January 14, 2013 but no later than February 13, 2013 (proxy statement), under the captions "Election of Directors," and in the third paragraph under the caption "Committees - The Audit Review Committee," is incorporated herein by reference. Information regarding executive officers is presented in Item 1 of this report under the caption "Executive Officers of the Registrant."

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer. This code of ethics and the Company's corporate governance policies are posted on the Company's website at http://www.JohnDeere.com . The Company intends to satisfy disclosure requirements regarding amendments to or waivers from its code of ethics by posting such information on this website. The charters of the Audit Review, Corporate Governance and

Compensation committees of the Company's Board of Directors are available on the Company's website as well. This information is also available in print free of charge to any person who requests it.

ITEM 11. EXECUTIVE COMPENSATION.

The information in the proxy statement under the captions "Compensation of Directors," "Compensation Discussion & Analysis," "Compensation Committee Report," and "Executive Compensation Tables" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

(a) *Securities authorized for issuance under equity compensation plans*.

Equity compensation plan information in the proxy statement under the caption "Equity Compensation Plan Information" is incorporated herein by reference.

(b) *Security ownership of certain beneficial owners*.

The information on the security ownership of certain beneficial owners in the proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

(c) *Security ownership of management*.

The information on shares of common stock of the Company beneficially owned by, and under option to (i) each director, (ii) certain named executive officers and (iii) the directors and officers as a group, contained in the proxy statement under the captions "Security Ownership of Certain Beneficial Owners and Management," and "Executive Compensation Tables - Outstanding Equity Awards at Fiscal 2012 Year-End" is incorporated herein by reference.

(d) *Change in control*.

None.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information in the proxy statement under the captions "Corporate Governance Policies," "Director Independence," and "Review and Approval of Related Person Transactions" is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information in the proxy statement under the caption "Fees Paid to the Independent Registered Public Accounting Firm" is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

See the “ Index to Exhibits ” on pages 71 - 73 of this report

Certain instruments relating to long-term borrowings, constituting less than 10 percent of registrant’s total assets, are not filed as exhibits herewith pursuant to Item 601(b)4(iii)(A) of Regulation S-K. Registrant agrees to file copies of such instruments upon request of the Commission.

Financial Statement Schedules Omitted

The following schedules for the Company and consolidated subsidiaries are omitted because of the absence of the conditions under which they are required: I, III, IV and V.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS FOR THE YEARS ENDED OCTOBER 31, 2012, 2011 AND 2010

OVERVIEW

Organization

The company's equipment operations generate revenues and cash primarily from the sale of equipment to John Deere dealers and distributors. The equipment operations manufacture and distribute a full line of agricultural equipment; a variety of commercial, consumer and landscapes equipment and products; and a broad range of equipment for construction and forestry. The company's financial services primarily provide credit services, which mainly finance sales and leases of equipment by John Deere dealers and trade receivables purchased from the equipment operations. In addition, financial services offer crop risk mitigation products and extended equipment warranties. The information in the following discussion is presented in a format that includes information grouped as consolidated, equipment operations and financial services. The company also views its operations as consisting of two geographic areas, the U.S. and Canada, and outside the U.S. and Canada. The company's operating segments consist of agriculture and turf, construction and forestry, and financial services.

Trends and Economic Conditions

The company's agriculture and turf equipment sales increased 13 percent in 2012 and are forecast to increase by about 4 percent for 2013. Industry agricultural machinery sales in the U.S. and Canada for 2013 are forecast to remain approximately the same, compared to healthy levels in 2012. Industry sales in the European Union (EU)27 nations of Western and Central Europe are forecast to be about the same to 5 percent lower in 2013, while sales in the Commonwealth of Independent States are expected to be modestly higher. South American industry sales are projected to increase approximately 10 percent in 2013. Industry sales in Asia are forecast to be about the same in 2013. Industry sales of turf and utility equipment in the U.S. and Canada are expected to increase approximately 5 percent. The company's construction and forestry sales increased 19 percent in 2012 and are forecast to increase by about 8 percent in 2013. Sales in world forestry markets are expected to be approximately the same in 2013. Net income of the company's financial services operations attributable to Deere & Company in 2013 is expected to be approximately $500 million.

Items of concern include the uncertainty of the effectiveness of governmental actions in respect to monetary and fiscal policies, the global economic recovery, the impact of sovereign and state debt, capital market disruptions, trade agreements, the availability of credit for the company's customers and suppliers, and financial regulatory reform. Drought conditions and significant volatility in the price of many commodities could also impact the company's results. The availability of certain components that could impact the company's ability to meet production schedules continues to be monitored. Designing and producing products with engines that continue to meet high performance standards and increasingly stringent emissions regulations is one of the company's major priorities.

The company remains well positioned to carry out its growth plans and capitalize on positive long-term trends. With support from employees, dealers and suppliers, the company's plans for helping meet the world's growing need for food and infrastructure are moving ahead successfully.

2012 COMPARED WITH 2011

CONSOLIDATED RESULTS

Worldwide net income attributable to Deere & Company in 2012 was $3,065 million, or $7.63 per share diluted ($7.72 basic), compared with $2,800 million, or $6.63 per share diluted ($6.71 basic), in 2011. Net sales and revenues increased 13 percent to $36,157 million in 2012, compared with $32,013 million in 2011. Net sales of the equipment operations increased 14 percent in 2012 to $33,501 million from $29,466 million last year. The sales increase included improved price realization of 4 percent and an unfavorable foreign currency translation effect of 3 percent. Net sales in the U.S. and Canada increased 20 percent in 2012. Net sales outside the U.S. and Canada increased by 5 percent in 2012, which included an unfavorable effect of 6 percent for foreign currency translation.

Worldwide equipment operations had an operating profit of $4,397 million in 2012, compared with $3,839 million in 2011. The higher operating profit was primarily due to the impact of improved price realization and higher shipment volumes, partially offset by higher production and raw material costs, unfavorable effects of foreign currency exchange, increased research and development expenses, higher selling, administrative and general expenses and a goodwill impairment charge (see Note 5). The increase in production costs related to new products, engine emission requirements and incentive compensation expenses.

The equipment operations' net income was $2,616 million in 2012, compared with $2,329 million in 2011. The same operating factors mentioned above, as well as an increase in the effective tax rate and interest expense affected these results.

Net income of the financial services operations attributable to Deere & Company in 2012 decreased to $460 million, compared with $471 million in 2011. The decrease was primarily a result of increased selling, administrative and general expenses, higher reserves for crop insurance claims and narrower financing spreads, partially offset by growth in the credit portfolio and a lower provision for credit losses. Additional information is presented in the following discussion of the "Worldwide Financial Services Operations."

The cost of sales to net sales ratio for 2012 was 74.6 percent, compared with 74.4 percent last year. The increase was primarily due to higher

production costs, increased raw material costs and unfavorable effects of foreign currency exchange, partially offset by improved price realization.

Finance and interest income increased this year due to a larger average credit portfolio, partially offset by lower average financing rates. Other income increased primarily as a result of an increase in service revenues and insurance premiums and fees. Research and development costs increased primarily as a result of increased spending in support of new products and more stringent emission requirements. Selling, administrative and general expenses increased primarily due to growth and incentive compensation expenses. Interest expense increased due to higher average borrowings, partially offset by lower average borrowing rates. Other operating expenses increased primarily due to higher crop insurance claims and costs and depreciation of equipment on operating leases.

The company has several defined benefit pension plans and defined benefit health care and life insurance plans. The company's postretirement benefit costs for these plans in 2012 were $511 million, compared with $603 million in 2011. The long-term expected return on plan assets, which is reflected in these costs, was an expected gain of 8.0 percent in 2012 and 2011, or $887 million in 2012 and $906 million in 2011. The actual return was a gain of $849 million in 2012 and $695 million in 2011. In 2013, the expected return will be approximately 7.8 percent. The company's postretirement costs in 2013 are expected to increase approximately $75 million. The company makes any required contributions to the plan assets under applicable regulations and voluntary contributions from time to time based on the company's liquidity and ability to make tax-deductible contributions. Total company contributions to the plans were $478 million in 2012 and $122 million in 2011, which include direct benefit payments for unfunded plans. These contributions also included voluntary contributions to plan assets of $350 million in 2012. Total company contributions in 2013 are expected to be approximately $554 million, which includes voluntary contributions of approximately $450 million. The company has no significant required contributions to pension plan assets in 2013 under applicable funding regulations. See the following discussion of "Critical Accounting Policies" for more information about postretirement benefit obligations.

BUSINESS SEGMENT AND GEOGRAPHIC AREA RESULTS

The following discussion relates to operating results by reportable segment and geographic area. Operating profit is income before certain external interest expense, certain foreign exchange gains or losses, income taxes and corporate expenses. However, operating profit of the financial services segment includes the effect of interest expense and foreign currency exchange gains or losses.

Worldwide Agriculture and Turf Operations

The agriculture and turf segment had an operating profit of $3,921 million in 2012, compared with $3,447 million in 2011. Net sales increased 13 percent this year primarily due to higher shipment volumes and improved price realization, partially offset by the unfavorable effects of foreign currency translation. The increase in operating profit was primarily due to higher shipment volumes and price realization, partially offset by increased production and raw material costs, unfavorable effects of foreign currency exchange, increased research and development expenses and higher selling, administrative and general expenses. The increase in production costs was primarily related to new products, engine emission requirements and incentive compensation expenses.

Worldwide Construction and Forestry Operations

The construction and forestry segment had an operating profit of $476 million in 2012, compared with $392 million in 2011. Net sales increased 19 percent for the year primarily due to higher shipment volumes and improved price realization. The operating profit improvement in 2012 was primarily due to price realization and higher shipment volumes, partially offset by increased production and raw material costs, increased research and development expenses and higher selling, administrative and general expenses. The increase in production costs was primarily related to new products, engine emission requirements and incentive compensation expenses.

Worldwide Financial Services Operations

The operating profit of the financial services segment was $712 million in 2012, compared with $725 million in 2011. The decrease in operating profit was primarily due to increased selling, administrative and general expenses, higher reserves for crop insurance claims and narrower financing spreads, partially offset by growth in the credit portfolio and a lower provision for credit losses. Total revenues of the financial services operations, including intercompany revenues, increased 3 percent in 2012, primarily reflecting the larger portfolio. The average balance of receivables and leases financed was 10 percent higher in 2012, compared with 2011. Interest expense decreased 4 percent in 2012 as a result of lower average borrowing rates, partially offset by higher average borrowings. The financial services operations' ratio of earnings to fixed charges was 2.25 to 1 in 2012, compared with 2.22 to 1 in 2011.

Equipment Operations in U.S. and Canada

The equipment operations in the U.S. and Canada had an operating profit of $3,836 million in 2012, compared with $2,898 million in 2011. The increase was due to higher shipment volumes and improved price realization, partially offset by increased production and raw material costs, increased research and development expenses and higher selling, administrative and general expenses. Net sales increased 20 percent primarily due to higher shipment volumes and price realization. The physical volume of sales increased 14 percent, compared with 2011.

Equipment Operations outside U.S. and Canada

The equipment operations outside the U.S. and Canada had an operating profit of $561 million in 2012, compared with $941 million in 2011. The decrease was primarily due to higher production and raw material costs, the unfavorable effects of foreign currency exchange, increased selling, administrative and general expenses and higher research and development expenses, partially offset by the effects of higher shipment volumes and improved price realization. Net sales were 5 percent higher primarily reflecting increased shipment volumes and price realization, partially offset by the effect of foreign currency translation. The physical volume of sales increased 7 percent, compared with 2011.

MARKET CONDITIONS AND OUTLOOK

Company equipment sales are projected to increase by about 5 percent for fiscal year 2013 and about 10 percent for the first quarter, compared with the same periods of 2012. For fiscal year 2013, net income attributable to Deere & Company is anticipated to be approximately $3.2 billion.

Agriculture and Turf. The company's worldwide sales of agriculture and turf equipment are forecast to increase by about 4 percent for fiscal year 2013. Relatively high commodity prices and strong farm incomes are expected to continue supporting a favorable level of demand for farm machinery during the year. The company's sales are expected to benefit from global expansion and lines of advanced new equipment.

Industry sales for agricultural machinery in the U.S. and Canada are forecast to be about the same for 2013 in relation to the prior year's healthy levels. Caution around the U.S. livestock and dairy sectors is expected to offset continued strength in demand for large equipment, such as high horsepower tractors.

Fiscal year industry sales in the EU27 are forecast to be about the same to 5 percent lower due to continuing deterioration in the overall economy and a poor harvest in the U.K. Sales in the Commonwealth of Independent States are expected to be modestly higher in 2013. In South America, industry sales are projected to increase about 10 percent as a result of favorable commodity prices and increased planting intentions. Industry sales in Asia are projected to be approximately the same as 2012 due to softer economic conditions in India and China.

U.S. and Canada industry sales of turf and utility equipment are expected to increase about 5 percent for 2013, reflecting some improvement in the U.S. economy. The company's sales are expected to increase more than the industry due to the impact of new products.

Construction and Forestry. The company's worldwide sales of construction and forestry equipment are forecast to increase by about 8 percent for fiscal year 2013 due in part to modest improvement in U.S. economic conditions. Sales in world forestry markets are projected to be about the same for the year as further weakness in European markets offsets stronger demand in the U.S.

Financial Services. Fiscal year 2013 net income attributable to Deere & Company for the financial services operations is expected to be approximately $500 million. The forecast improvement is primarily due to expected growth in the credit portfolio and lower crop insurance claims. These factors are projected to be partially offset by an increase in the provision for credit losses, which is anticipated to return to a more typical level.

SAFE HARBOR STATEMENT

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements under "Overview," "Market Conditions and Outlook," and other forward-looking statements herein that relate to future events, expectations, trends and operating periods involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially. Some of these risks and uncertainties could affect particular lines of business, while others could affect all of the company's businesses.

The company's agricultural equipment business is subject to a number of uncertainties including the many interrelated factors that affect farmers' confidence. These factors include worldwide economic conditions, demand for agricultural products, world grain stocks, weather conditions (including its effects on timely planting and harvesting), soil conditions (including low subsoil moisture from recent drought conditions), harvest yields, prices for commodities and livestock, crop and livestock production expenses, availability of transport for crops, the growth of non-food uses for some crops (including ethanol and biodiesel production), real estate values, available acreage for farming, the land ownership policies of various governments, changes in government farm programs and policies (including those in Argentina, Brazil, China, the European Union, India, Russia and the U.S.), international reaction to such programs, changes in and effects of crop insurance programs, global trade agreements, animal diseases and their effects on poultry, beef and pork consumption and prices, crop pests and diseases, and the level of farm product exports (including concerns about genetically modified organisms).

Factors affecting the outlook for the company's turf and utility equipment include general economic conditions, consumer confidence, weather conditions, customer profitability, consumer borrowing patterns, consumer purchasing preferences, housing starts, infrastructure investment, spending by municipalities and golf courses, and consumable input costs.

General economic conditions, consumer spending patterns, real estate and housing prices, the number of housing starts and interest rates are especially important to sales of the company’s construction and forestry equipment. The levels of public and non-residential construction also impact the results of the company’s construction and forestry segment. Prices for pulp, paper, lumber and structural panels are important to sales of forestry equipment.

All of the company’s businesses and its reported results are affected by general economic conditions in the global markets in which the company operates, especially material changes in economic activity in these markets; customer confidence in general economic conditions; foreign currency exchange rates and their volatility, especially fluctuations in the value of the U.S. dollar; interest rates; and inflation and deflation rates. General economic conditions can affect demand for the company’s equipment as well. Uncertainty about and actual government spending and taxing could adversely affect the economy, employment, consumer and corporate spending, and company results.

Customer and company operations and results could be affected by changes in weather patterns (including the effects of drought conditions in parts of the U.S. and dryer than normal conditions in certain other markets); the political and social stability of the global markets in which the company operates; the effects of, or response to, terrorism and security threats; wars and other conflicts and the threat thereof; and the spread of major epidemics.

Significant changes in market liquidity conditions and any failure to comply with financial covenants in credit agreements could impact access to funding and funding costs, which could reduce the company’s earnings and cash flows. Financial market conditions could also negatively impact customer access to capital for purchases of the company’s products and customer confidence and purchase decisions; borrowing and repayment practices; and the number and size of customer loan delinquencies and defaults. The sovereign debt crisis, in Europe or elsewhere, could negatively impact currencies, global financial markets, social and political stability, funding sources and costs, asset and obligation values, customers, suppliers, and company operations and results. State debt crises also could negatively impact customers, suppliers, demand for equipment, and company operations and results. The company’s investment management activities could be impaired by changes in the equity and bond markets, which would negatively affect earnings.

Additional factors that could materially affect the company’s operations, access to capital, expenses and results include changes in and the impact of governmental trade, banking, monetary and fiscal policies, including financial regulatory reform and its effects on the consumer finance industry, derivatives, funding costs and other areas, and governmental programs, policies and tariffs in particular jurisdictions or for the benefit of certain industries or sectors (including protectionist and expropriation policies and trade and licensing restrictions that could disrupt international commerce); actions by the U.S. Federal Reserve Board and other central banks; actions by the U.S. Securities and Exchange Commission (SEC), the U.S. Commodity Futures Trading Commission and other financial regulators; actions by environmental, health and safety regulatory agencies, including those related to engine emissions (in particular Interim Tier 4, Final Tier 4 and Stage IIIb non-road diesel emission requirements), carbon and other greenhouse gas emissions, noise and the risk of climate change; changes in labor regulations; changes to accounting standards; changes in tax rates, estimates, and regulations; compliance with U.S. and foreign laws when expanding to new markets; and actions by other regulatory bodies including changes in laws and regulations affecting the sectors in which the company operates. Customer and company operations and results also could be affected by changes to GPS radio frequency bands or their permitted uses.

Other factors that could materially affect results include production, design and technological innovations and difficulties, including capacity and supply constraints and prices; the availability and prices of strategically sourced materials, components and whole goods; delays or disruptions in the company’s supply chain or the loss of liquidity by suppliers; the failure of suppliers to comply with laws, regulations and company policy pertaining to employment, human rights, health, safety, the environment and other ethical business practices; start-up of new plants and new products; the success of new product initiatives and customer acceptance of new products; changes in customer product preferences and sales mix whether as a result of changes in equipment design to meet government regulations or for other reasons; gaps or limitations in rural broadband coverage, capacity and speed needed to support technology solutions; oil and energy prices and supplies; the availability and cost of freight; actions of competitors in the various industries in which the company competes, particularly price discounting; dealer practices especially as to levels of new and used field inventories; labor relations; acquisitions and divestitures of businesses, the integration of new businesses; the implementation of organizational changes; difficulties related to the conversion and implementation of enterprise resource planning systems that disrupt business, negatively impact supply or distribution relationships or create higher than expected costs; security breaches and other disruptions to the company’s information technology infrastructure; changes in company declared dividends and common stock issuances and repurchases.

Company results are also affected by changes in the level and funding of employee retirement benefits, changes in market values of investment assets and the level of interest rates, which impact retirement benefit costs, and significant changes in health care costs including those which may result from governmental action.

The liquidity and ongoing profitability of John Deere Capital Corporation (Capital Corporation) and other credit subsidiaries depend largely on timely access to capital to meet future cash flow requirements and fund operations and the costs associated with engaging in diversified funding activities and to fund purchases of the company’s products. If market uncertainty increases and general economic conditions worsen, funding

could be unavailable or insufficient. Additionally, customer confidence levels may result in declines in credit applications and increases in delinquencies and default rates, which could materially impact write-offs and provisions for credit losses. The failure of reinsurers of the company's insurance business also could materially affect results.

The company's outlook is based upon assumptions relating to the factors described above, which are sometimes based upon estimates and data prepared by government agencies. Such estimates and data are often revised. The company, except as required by law, undertakes no obligation to update or revise its outlook, whether as a result of new developments or otherwise. Further information concerning the company and its businesses, including factors that potentially could materially affect the company's financial results, is included in other filings with the SEC.

2011 COMPARED WITH 2010

CONSOLIDATED RESULTS

Worldwide net income attributable to Deere & Company in 2011 was $2,800 million, or $6.63 per share diluted ($6.71 basic), compared with $1,865 million, or $4.35 per share diluted ($4.40 basic), in 2010. Net sales and revenues increased 23 percent to $32,013 million in 2011, compared with $26,005 million in 2010. Net sales of the equipment operations increased 25 percent in 2011 to $29,466 million from $23,573 million in 2010. The sales increase, which was primarily due to higher shipment volumes, also included a favorable effect for foreign currency translation of 3 percent and price realization of 3 percent. Net sales in the U.S. and Canada increased 17 percent in 2011. Net sales outside the U.S. and Canada increased by 38 percent in 2011, which included a favorable effect of 7 percent for foreign currency translation.

Worldwide equipment operations had an operating profit of $3,839 million in 2011, compared with $2,909 million in 2010. The higher operating profit was primarily due to higher shipment volumes and improved price realization, partially offset by increased raw material costs, higher manufacturing overhead costs related to new products, higher selling, administrative and general expenses and increased research and development expenses.

The equipment operations' net income was $2,329 million in 2011, compared with $1,492 million in 2010. The same operating factors mentioned above and a lower effective tax rate in 2011 affected these results.

Net income of the financial services operations attributable to Deere & Company in 2011 increased to $471 million, compared with $373 million in 2010. The increase was primarily a result of growth in the credit portfolio and a lower provision for credit losses. Additional information is presented in the following discussion of the "Worldwide Financial Services Operations."

The cost of sales to net sales ratio for 2011 was 74.4 percent, compared with 73.8 percent in 2010. The increase was primarily due to increased raw material costs and higher manufacturing overhead costs related to new products, partially offset by improved price realization.

Finance and interest income increased in 2011 due to a larger average credit portfolio, partially offset by lower financing rates. Other income increased in 2011 primarily as a result of higher insurance premiums and fees earned on crop insurance, largely offset by lower service revenues due to the sale of the wind energy business (see Note 4). Research and development expenses increased primarily as a result of increased spending in support of new products and more stringent emission requirements. Selling, administrative and general expenses increased primarily due to growth and higher sales commissions. Interest expense decreased due to lower average borrowing rates, partially offset by higher average borrowings. Other operating expenses decreased primarily due to lower depreciation expenses in 2011 due to the sale of the wind energy business and the write-down of the related assets held for sale at the end of 2010, partially offset by higher crop insurance claims and expenses in 2011. The effective tax rate for the provision for income taxes was lower in 2011 primarily due to the effect of the tax expense related to the enactment of health care legislation in 2010 (see Note 8).

The company has several defined benefit pension plans and defined benefit health care and life insurance plans. The company's postretirement benefit costs for these plans in 2011 were $603 million, compared with $658 million in 2010. The long-term expected return on plan assets, which is reflected in these costs, was an expected gain of 8.0 percent in 2011 and 8.2 percent in 2010, or $906 million in 2011 and $883 million in 2010. The actual return was a gain of $695 million in 2011 and $1,273 million in 2010. Total company contributions to the plans were $122 million in 2011 and $836 million in 2010, which include direct benefit payments for unfunded plans. These contributions also included voluntary contributions to plan assets of $650 million in 2010.

BUSINESS SEGMENT AND GEOGRAPHIC AREA RESULTS

Worldwide Agriculture and Turf Operations

The agriculture and turf segment had an operating profit of $3,447 million in 2011, compared with $2,790 million in 2010. Net sales increased 21 percent in 2011 primarily due to higher shipment volumes. Sales also increased due to improved price realization and foreign currency translation. The increase in operating profit was largely due to increased shipment volumes and improved price realization, partially offset by increased raw material costs, higher manufacturing overhead costs related to new products, higher selling, administrative and general expenses and increased research and development expenses.

Worldwide Construction and Forestry Operations

The construction and forestry segment had an operating profit of $392 million in 2011, compared with $119 million in 2010. Net sales increased

45 percent in 2011 primarily due to higher shipment volumes. Sales also increased due to improved price realization. The operating profit improvement in 2011 was primarily due to higher shipment and production volumes and improved price realization, partially offset by increased raw material costs, higher selling, administrative and general expenses and increased research and development expenses.

Worldwide Financial Services Operations

The operating profit of the financial services segment was $725 million in 2011, compared with $499 million in 2010. The increase in operating profit was primarily due to growth in the credit portfolio and a lower provision for credit losses, partially offset by narrower financing spreads. Results in 2010 were also affected by the write-down of wind energy assets that were held for sale (see Note 4). Total revenues of the financial services operations, including intercompany revenues, increased 3 percent in 2011, primarily reflecting the larger portfolio. The average balance of receivables and leases financed was 13 percent higher in 2011, compared with 2010. Interest expense decreased 7 percent in 2011 as a result of lower average borrowing rates, partially offset by higher average borrowings. The financial services operations' ratio of earnings to fixed charges was 2.22 to 1 in 2011, compared with 1.77 to 1 in 2010.

Equipment Operations in U.S. and Canada

The equipment operations in the U.S. and Canada had an operating profit of $2,898 million in 2011, compared with $2,302 million in 2010. The increase was due to higher shipment volumes and improved price realization, partially offset by increased raw material costs, higher manufacturing overhead costs related to new products, increased selling, administrative and general expenses and higher research and development expenses. Net sales increased 17 percent primarily due to higher shipment volumes and improved price realization. The physical volume of sales increased 12 percent, compared with 2010.

Equipment Operations outside U.S. and Canada

The equipment operations outside the U.S. and Canada had an operating profit of $941 million in 2011, compared with $607 million in 2010. The increase was primarily due to the effects of higher shipment volumes and improved price realization, partially offset by higher raw material costs, higher manufacturing overhead costs related to new products, increased selling, administrative and general expenses and higher research and development costs. Net sales were 38 percent higher primarily reflecting increased volumes and the effect of foreign currency translation. The physical volume of sales increased 30 percent, compared with 2010.

CAPITAL RESOURCES AND LIQUIDITY

The discussion of capital resources and liquidity has been organized to review separately, where appropriate, the company's consolidated totals, equipment operations and financial services operations.

CONSOLIDATED

Positive cash flows from consolidated operating activities in 2012 were $1,168 million. This resulted primarily from net income adjusted for non-cash provisions and an increase in accounts payable and accrued expenses, which were partially offset by an increase in trade receivables, inventories and insurance receivables. Cash outflows from investing activities were $4,004 million in 2012, primarily due to the cost of receivables (excluding receivables related to sales) and equipment on operating leases exceeding the collections of receivables and the proceeds from sales of equipment on operating leases by $2,076 million, purchases of property and equipment of $1,319 million and purchases exceeding maturities and sales of marketable securities by $682 million. Cash inflows from financing activities were $3,880 million in 2012 primarily due to an increase in borrowings of $6,141 million, partially offset by repurchases of common stock of $1,588 million and dividends paid of $698 million. Cash and cash equivalents increased $1,005 million during 2012.

Over the last three years, operating activities have provided an aggregate of $5,776 million in cash. In addition, increases in borrowings were $8,050 million, proceeds from sales of businesses were $976 million, proceeds from issuance of common stock (resulting from the exercise of stock options) were $360 million. The aggregate amount of these cash flows was used mainly to acquire receivables (excluding receivables related to sales) and equipment on operating leases that exceeded collections of receivables and the proceeds from sales of equipment on operating leases by $5,199 million, repurchase common stock of $3,614 million, purchase property and equipment of $3,138 million, pay dividends of $1,775 million and purchase marketable securities that exceeded proceeds from maturities and sales by $1,261 million. Cash and cash equivalents remained approximately the same as three years ago.

Given the continued uncertainty in the global economy, there has been a reduction in liquidity in some global markets that continues to affect the funding activities of the company. However, the company has access to most global markets at a reasonable cost and expects to have sufficient sources of global funding and liquidity to meet its funding needs. The company's exposures to receivables from customers in European countries experiencing economic strains are not significant. Sources of liquidity for the company include cash and cash equivalents, marketable securities, funds from operations, the issuance of commercial paper and term debt, the securitization of retail notes (both public and private markets) and committed and uncommitted bank lines of credit. The company's commercial paper outstanding at October 31, 2012 and 2011 was $1,207 million and $1,279 million, respectively, while the total cash and cash equivalents and marketable securities position was $6,123 million and $4,435 million, respectively. The amount of the total cash and cash equivalents and marketable securities held by foreign subsidiaries, in which earnings are considered indefinitely reinvested, was $628 million and $720 million at October 31, 2012 and 2011, respectively.

Lines of Credit. The company also has access to bank lines of credit with various banks throughout the world. Worldwide lines of credit totaled $5,194 million at October 31, 2012, $3,793 million of which were unused. For the purpose of computing unused credit lines, commercial paper and short-term bank borrowings, excluding secured borrowings and the current portion of long-term borrowings, were primarily considered to constitute utilization. Included in the total credit lines at October 31, 2012 was a long-term credit facility agreement of $2,750 million, expiring in April 2015, and a long-term credit facility agreement of $1,500 million, expiring in April 2017. These credit agreements require Capital Corporation to maintain its consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for each fiscal quarter and the ratio of senior debt, excluding securitization indebtedness, to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. The credit agreements also require the equipment operations to maintain a ratio of total debt to total capital (total debt and stockholders' equity excluding accumulated other comprehensive income (loss)) of 65 percent or less at the end of each fiscal quarter. Under this provision, the company's excess equity capacity and retained earnings balance free of restriction at October 31, 2012 was $8,273 million. Alternatively under this provision, the equipment operations had the capacity to incur additional debt of $15,364 million at October 31, 2012. All of these requirements of the credit agreements have been met during the periods included in the consolidated financial statements.

Debt Ratings. To access public debt capital markets, the company relies on credit rating agencies to assign short-term and long-term credit ratings to the company's securities as an indicator of credit quality for fixed income investors. A security rating is not a recommendation by the rating agency to buy, sell or hold company securities. A credit rating agency may change or withdraw company ratings based on its assessment of the company's current and future ability to meet interest and principal repayment obligations. Each agency's rating should be evaluated independently of any other rating. Lower credit ratings generally result in higher borrowing costs, including costs of derivative transactions, and reduced access to debt capital markets. The senior long-term and short-term debt ratings and outlook currently assigned to unsecured company securities by the rating agencies engaged by the company are as follows:

	Senior Long-Term	Short-Term	Outlook
Moody's Investors Service, Inc.	A2	Prime-1	Stable
Standard & Poor's	A	A-1	Stable

Trade accounts and notes receivable primarily arise from sales of goods to independent dealers. Trade receivables increased by $505 million in 2012 primarily resulting from the increase in sales, partially offset by the effect of foreign currency translation. The ratio of trade accounts and notes receivable at October 31 to fiscal year net sales was 11 percent in 2012 and 2011. Total worldwide agriculture and turf receivables increased $456 million and construction and forestry receivables increased $49 million. The collection period for trade receivables averages less than 12 months. The percentage of trade receivables outstanding for a period exceeding 12 months was 2 percent and 3 percent at October 31, 2012 and 2011, respectively.

Deere & Company's stockholders' equity was $6,842 million at October 31, 2012, compared with $6,800 million at October 31, 2011. The increase of $42 million resulted primarily from net income attributable to Deere & Company of $3,065 million and an increase in common stock of $100 million, which were partially offset by an increase in treasury stock of $1,521 million, dividends declared of $709 million, a change in the retirement benefits adjustment of $624 million and a change in the cumulative translation adjustment of $270 million.

EQUIPMENT OPERATIONS

The company's equipment businesses are capital intensive and are subject to seasonal variations in financing requirements for inventories and certain receivables from dealers. The equipment operations sell a significant portion of their trade receivables to financial services. To the extent necessary, funds provided from operations are supplemented by external financing sources.

Cash provided by operating activities of the equipment operations during 2012, including intercompany cash flows, was $2,948 million primarily due to net income adjusted for non-cash provisions and an increase in accounts payable and accrued expenses, partially offset by an increase in inventories and trade receivables.

Over the last three years, these operating activities, including intercompany cash flows, have provided an aggregate of $8,491 million in cash.

Trade receivables held by the equipment operations increased by $186 million during 2012. The equipment operations sell a significant portion of their trade receivables to financial services (see previous consolidated discussion).

Inventories increased by $799 million in 2012 primarily reflecting the increase in production and sales, partially offset by the effect of foreign currency translation. Most of these inventories are valued on the last-in, first-out (LIFO) method. The ratios of inventories on a first-in, first-out (FIFO) basis (see Note 15), which approximates current cost, to fiscal year cost of sales were 26 percent and 27 percent at October 31, 2012 and 2011, respectively.

Total interest-bearing debt of the equipment operations was $5,870 million at the end of 2012, compared with $3,696 million at the end of 2011 and $3,414 million at the end of 2010. The ratio of total debt to total capital (total interest-bearing debt and stockholders' equity) at the end of 2012, 2011 and 2010 was 46 percent, 35 percent and 35 percent, respectively.

Property and equipment cash expenditures for the equipment operations in 2012 were $1,316 million, compared with $1,054 million in 2011. Capital expenditures in 2013 are estimated to be $1,300 million.

FINANCIAL SERVICES

The financial services operations rely on their ability to raise substantial amounts of funds to finance their receivable and lease portfolios. Their primary sources of funds for this purpose are a combination of commercial paper, term debt, securitization of retail notes, equity capital and from time to time borrowings from Deere & Company.

The cash provided by operating activities and financing activities was used primarily for investing activities. Cash flows from the financial services' operating activities, including intercompany cash flows, were $877 million in 2012. Cash used by investing activities totaled $4,635 million in 2012, primarily due to the cost of receivables (excluding trade and wholesale) and cost of equipment on operating leases exceeding collections of these receivables and the proceeds from sales of equipment on operating leases by $3,172 million and an increase in trade receivables and wholesale notes of $1,519 million. Cash provided by financing activities totaled $4,017 million in 2012, representing primarily an increase in external borrowings of $3,876 million and capital investment from Deere & Company of $264 million. Cash and cash equivalents increased $285 million.

Over the last three years, the operating activities, including intercompany cash flows, have provided $3,217 million in cash. In addition, an increase in total borrowings of $7,368 million and capital investment from Deere & Company of $377 million provided cash inflows. These amounts have been used mainly to fund receivables (excluding trade and wholesale) and equipment on operating lease acquisitions, which exceeded collections and the proceeds from sales of equipment on operating leases by $7,622 million, fund an increase in trade receivables and wholesale notes of $2,919 million and pay dividends to Deere & Company of $601 million. Cash and cash equivalents decreased $218 million over the three-year period.

Receivables and equipment on operating leases increased by $3,855 million in 2012, compared with 2011. Total acquisition volumes of receivables (excluding trade and wholesale notes) and cost of equipment on operating leases increased 10 percent in 2012, compared with 2011. The volumes of operating leases, financing leases, retail notes and revolving charge accounts increased approximately 27 percent, 16 percent, 14 percent, and 5 percent, respectively, while operating loans decreased 95 percent due to lower market coverage. The amount of wholesale notes increased 31 percent and trade receivables increased 16 percent during 2012. At October 31, 2012 and 2011, net receivables and leases administered, which include receivables administered but not owned, were $31,746 million and $27,918 million, respectively.

Total external interest-bearing debt of the financial services operations was $26,551 million at the end of 2012, compared with $22,894 million at the end of 2011 and $20,935 million at the end of 2010. Total external borrowings have changed generally corresponding with the level of the receivable and lease portfolio, the level of cash and cash equivalents, the change in payables owed to Deere & Company and the change in investment from Deere & Company. The financial services operations' ratio of total interest-bearing debt to total stockholder's equity was 7.2 to 1 at the end of 2012, 7.5 to 1 at the end of 2011 and 7.1 to 1 at the end of 2010.

The Capital Corporation has a revolving credit agreement to utilize bank conduit facilities to securitize retail notes (see Note 13). At October 31, 2012, the facility had a total capacity, or "financing limit," of up to $2,750 million of secured financings at any time. The facility was renewed in November 2012 with a capacity of $3,000 million. After a three-year revolving period, unless the banks and Capital Corporation agree to renew, Capital Corporation would liquidate the secured borrowings over time as payments on the retail notes are collected. At October 31, 2012, $1,314 million of short-term securitization borrowings was outstanding under the agreement.

During 2012, the financial services operations issued $2,775 million and retired $1,978 million of retail note securitization borrowings. During 2012, the financial services operations also issued $8,121 million and retired $5,176 million of long-term borrowings. The long-term borrowing retirements included $1,500 million of 7% Notes due in March 2012. The remaining issuances and retirements were primarily medium-term notes.

OFF-BALANCE-SHEET ARRANGEMENTS

At October 31, 2012, the company had approximately $290 million of guarantees issued primarily to banks outside the U.S. related to third-party receivables for the retail financing of John Deere equipment. The company may recover a portion of any required payments incurred under these agreements from repossession of the equipment collateralizing the receivables. The maximum remaining term of the receivables guaranteed at October 31, 2012 was approximately five years.

AGGREGATE CONTRACTUAL OBLIGATIONS

The payment schedule for the company’s contractual obligations at October 31, 2012 in millions of dollars is as follows:

	Total	Less than 1 year	2&3 years	4&5 years	More than 5 years
On-balance-sheet					
Debt*					
Equipment operations	$ 5,869	$ 425	$ 1,018	$ 48	$ 4,378
Financial services**	26,039	7,806	9,305	4,673	4,255
Total	31,908	8,231	10,323	4,721	8,633
Interest relating to debt***	5,353	716	1,046	752	2,839
Accounts payable	3,312	3,184	86	38	4
Capital leases	57	28	21	4	4
Off-balance-sheet					
Purchase obligations	4,299	4,251	38	10	
Operating leases	462	148	182	75	57
Total	$ 45,391	$ 16,558	$ 11,696	$ 5,600	$ 11,537

* Principal payments.

** Securitization borrowings of $3,575 million classified as short-term on the balance sheet related to the securitization of retail notes are included in this table based on the expected payment schedule (see Note 18).

*** Includes projected payments related to interest rate swaps.

The previous table does not include unrecognized tax benefit liabilities of approximately $265 million at October 31, 2012 since the timing of future payments is not reasonably estimable at this time (see Note 8). For additional information regarding pension and other postretirement employee benefit obligations, short-term borrowings, long-term borrowings and lease obligations, see Notes 7, 18, 20 and 21, respectively.

CRITICAL ACCOUNTING POLICIES

The preparation of the company’s consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. Changes in these estimates and assumptions could have a significant effect on the financial statements. The accounting policies below are those management believes are the most critical to the preparation of the company’s financial statements and require the most difficult, subjective or complex judgments. The company’s other accounting policies are described in the Notes to the Consolidated Financial Statements.

Sales Incentives

At the time a sale to a dealer is recognized, the company records an estimate of the future sales incentive costs for allowances and financing programs that will be due when the dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels and retail sales volumes. The final cost of these programs and the amount of accrual required for a specific sale are fully determined when the dealer sells the equipment to the retail customer. This is due to numerous programs available at any particular time and new programs that may be announced after the company records the sale. Changes in the mix and types of programs affect these estimates, which are reviewed quarterly.

The sales incentive accruals at October 31, 2012, 2011 and 2010 were $1,453 million, $1,122 million and $879 million, respectively. The increases in 2012 and 2011 were primarily due to higher sales volumes.

The estimation of the sales incentive accrual is impacted by many assumptions. One of the key assumptions is the historical percent of sales incentive costs to retail sales from dealers. Over the last five fiscal years, this percent has varied by an average of approximately plus or minus .7 percent, compared to the average sales incentive costs to retail sales percent during that period. Holding other assumptions constant, if this estimated cost experience percent were to increase or decrease .7 percent, the sales incentive accrual at October 31, 2012 would increase or decrease by approximately $50 million.

Product Warranties

At the time a sale to a dealer is recognized, the company records the estimated future warranty costs. The company generally determines its total warranty liability by applying historical claims rate experience to the estimated amount of equipment that has been sold and is still under warranty based on dealer inventories and retail sales. The historical claims rate is primarily determined by a review of five-year claims costs and consideration of current quality developments. Variances in claims experience and the type of warranty programs affect these estimates, which are reviewed quarterly.

The product warranty accruals, excluding extended warranty unamortized premiums, at October 31, 2012, 2011 and 2010 were $733 million, $662 million and $559 million, respectively. The changes were primarily due to higher sales volumes in 2012 and 2011.

Estimates used to determine the product warranty accruals are significantly affected by the historical percent of warranty claims costs to sales. Over the last five fiscal years, this percent has varied by an average of approximately plus or minus .09 percent, compared to the average warranty costs to sales percent during that period. Holding other assumptions constant, if this estimated cost experience percent were to increase or decrease .09 percent, the warranty accrual at October 31, 2012 would increase or decrease by approximately $35 million.

Postretirement Benefit Obligations

Pension obligations and other postretirement employee benefit (OPEB) obligations are based on various assumptions used by the company's actuaries in calculating these amounts. These assumptions include discount rates, health care cost trend rates, expected return on plan assets, compensation increases, retirement rates, mortality rates and other factors. Actual results that differ from the assumptions and changes in assumptions affect future expenses and obligations.

The pension liabilities, net of pension assets, recognized on the balance sheet at October 31, 2012, 2011 and 2010 were $1,817 million, $1,373 million and $693 million, respectively. The OPEB liabilities, net of OPEB assets, on these same dates were $5,736 million, $5,193 million and $4,830 million, respectively. The increases in pension net liabilities in 2012 and 2011 were primarily due to decreases in discount rates and interest on the liabilities, partially offset by the return on plan assets. The increases in the OPEB net liabilities in 2012 and 2011 were primarily due to the decreases in discount rates and interest on the liabilities.

The effect of hypothetical changes to selected assumptions on the company's major U.S. retirement benefit plans would be as follows in millions of dollars:

Assumptions	Percentage Change	October 31, 2012 Increase (Decrease) PBO/APBO*	2013 Increase (Decrease) Expense
Pension			
Discount rate**	+/-.5	$ (598)/635	$ (28)/28
Expected return on assets	+/-.5		(45)/45
OPEB			
Discount rate**	+/-.5	(419)/465	(24)/26
Expected return on assets	+/-.5		(6)/6
Health care cost trend rate**	+/-1.0	938/(709)	124/(95)

* Projected benefit obligation (PBO) for pension plans and accumulated postretirement benefit obligation (APBO) for OPEB plans.
** Pretax impact on service cost, interest cost and amortization of gains or losses.

Goodwill

Goodwill is not amortized and is tested for impairment annually and when events or circumstances change such that it is more likely than not that the fair value of a reporting unit is reduced below its carrying amount. The end of the third quarter is the annual measurement date. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying value of the goodwill is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the implied fair value of the goodwill.

An estimate of the fair value of the reporting unit is determined through a combination of comparable market values for similar businesses and discounted cash flows. These estimates can change significantly based on such factors as the reporting unit's financial performance, economic conditions, interest rates, growth rates, pricing, changes in business strategies and competition.

Based on this testing, the company identified a reporting unit in 2012 and 2010 for which the goodwill was impaired. In the fourth quarters of 2012 and 2010, the company recorded non-cash charges in cost of sales of $33 million pretax, or $31 million after-tax, and $27 million pretax, or $25 million after-tax, respectively. The charges were associated with a reporting unit included in the agriculture and turf operating segment. The key factor contributing to the impairments was a decline in the reporting unit's forecasted financial performance (see Note 5).

A 10 percent decrease in the estimated fair value of the company's other reporting units would have had no impact on the carrying value of goodwill at the annual measurement date in 2012.

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the losses expected from the company's receivable portfolio. The level of the allowance is based on many quantitative and qualitative factors, including historical loss experience by product category, portfolio duration, delinquency trends, economic conditions and credit risk quality. The adequacy of the allowance is assessed quarterly. Different assumptions or changes in economic conditions would result in changes to the allowance for credit losses and the provision for credit losses.

The total allowance for credit losses at October 31, 2012, 2011 and 2010 was $243 million, $269 million and $296 million, respectively. The decreases in 2012 and 2011 were primarily due to decreases in loss experience.

The assumptions used in evaluating the company's exposure to credit losses involve estimates and significant judgment. The historical loss experience on the receivable portfolio represents one of the key assumptions involved in determining the allowance for credit losses. Over the last five fiscal years, this percent has varied by an average of approximately plus or minus .23 percent, compared to the average loss experience percent during that period. Holding other assumptions constant, if this estimated loss experience on the receivable portfolio were to increase or decrease .23 percent, the allowance for credit losses at October 31, 2012 would increase or decrease by approximately $70 million.

Operating Lease Residual Values

The carrying value of equipment on operating leases is affected by the estimated fair values of the equipment at the end of the lease (residual values). Upon termination of the lease, the equipment is either purchased by the lessee or sold to a third party, in which case the company may record a gain or a loss for the difference between the estimated residual value and the sales price. The residual values are dependent on current economic conditions and are reviewed quarterly. Changes in residual value assumptions would affect the amount of depreciation expense and the amount of investment in equipment on operating leases.

The total operating lease residual values at October 31, 2012, 2011 and 2010 were $1,676 million, $1,425 million and $1,276 million,

respectively. The changes in 2012 and 2011 were primarily due to the increasing levels of operating leases.

Estimates used in determining end of lease market values for equipment on operating leases significantly impact the amount and timing of depreciation expense. If future market values for this equipment were to decrease 10 percent from the company's present estimates, the total impact would be to increase the company's annual depreciation for equipment on operating leases by approximately $70 million.

FINANCIAL INSTRUMENT MARKET RISK INFORMATION

The company is naturally exposed to various interest rate and foreign currency risks. As a result, the company enters into derivative transactions to manage certain of these exposures that arise in the normal course of business and not for the purpose of creating speculative positions or trading. The company's financial services manage the relationship of the types and amounts of their funding sources to their receivable and lease portfolio in an effort to diminish risk due to interest rate and foreign currency fluctuations, while responding to favorable financing opportunities. Accordingly, from time to time, these operations enter into interest rate swap agreements to manage their interest rate exposure. The company also has foreign currency exposures at some of its foreign and domestic operations related to buying, selling and financing in currencies other than the functional currencies. The company has entered into agreements related to the management of these foreign currency transaction risks.

Interest Rate Risk

Quarterly, the company uses a combination of cash flow models to assess the sensitivity of its financial instruments with interest rate exposure to changes in market interest rates. The models calculate the effect of adjusting interest rates as follows. Cash flows for financing receivables are discounted at the current prevailing rate for each receivable portfolio. Cash flows for marketable securities are primarily discounted at the applicable benchmark yield curve plus market credit spreads. Cash flows for unsecured borrowings are discounted at the applicable benchmark yield curve plus market credit spreads for similarly rated borrowers. Cash flows for securitized borrowings are discounted at the swap yield curve plus a market credit spread for similarly rated borrowers. Cash flows for interest rate swaps are projected and discounted using forward rates from the swap yield curve at the repricing dates. The net loss in these financial instruments' fair values which would be caused by decreasing the interest rates by 10 percent from the market rates at October 31, 2012 would have been approximately $33 million. The net loss from increasing the interest rates by 10 percent at October 31, 2011 would have been approximately $42 million.

Foreign Currency Risk

In the equipment operations, the company's practice is to hedge significant currency exposures. Worldwide foreign currency exposures are reviewed quarterly. Based on the equipment operations' anticipated and committed foreign currency cash inflows, outflows and hedging policy for the next twelve months, the company estimates that a hypothetical 10 percent weakening of the U.S. dollar relative to other currencies through 2013 would decrease the 2013 expected net cash inflows by $68 million. At October 31, 2011, a hypothetical 10 percent strengthening of the U.S. dollar under similar assumptions and calculations indicated a potential $19 million adverse effect on the 2012 net cash inflows.

In the financial services operations, the company's policy is to hedge the foreign currency risk if the currency of the borrowings does not match the currency of the receivable portfolio. As a result, a hypothetical 10 percent adverse change in the value of the U.S. dollar relative to all other foreign currencies would not have a material effect on the financial services cash flows.

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DEERE & COMPANY
STATEMENT OF CONSOLIDATED INCOME
For the Years Ended October 31, 2012, 2011 and 2010
(In millions of dollars and shares except per share amounts)

	2012	2011	2010
Net Sales and Revenues			
Net sales	$ 33,500.9	$ 29,466.1	$ 23,573.2
Finance and interest income	1,981.3	1,922.6	1,825.3
Other income	674.9	623.8	606.1
Total	36,157.1	32,012.5	26,004.6
Costs and Expenses			
Cost of sales	25,007.8	21,919.4	17,398.8
Research and development expenses	1,433.6	1,226.2	1,052.4
Selling, administrative and general expenses	3,417.0	3,168.7	2,968.7
Interest expense	782.8	759.4	811.4
Other operating expenses	781.5	716.0	748.1
Total	31,422.7	27,789.7	22,979.4
Income of Consolidated Group before Income Taxes	4,734.4	4,222.8	3,025.2
Provision for income taxes	1,659.4	1,423.6	1,161.6
Income of Consolidated Group	3,075.0	2,799.2	1,863.6
Equity in income (loss) of unconsolidated affiliates	(3.4)	8.6	10.7
Net Income	3,071.6	2,807.8	1,874.3
Less: Net income attributable to noncontrolling interests	6.9	7.9	9.3
Net Income Attributable to Deere & Company	$ 3,064.7	$ 2,799.9	$ 1,865.0
Per Share Data			
Basic	$ 7.72	$ 6.71	$ 4.40
Diluted	$ 7.63	$ 6.63	$ 4.35
Dividends declared	$ 1.79	$ 1.52	$ 1.16
Average Shares Outstanding			
Basic	397.1	417.4	424.0
Diluted	401.5	422.4	428.6

The notes to consolidated financial statements are an integral part of this statement.

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DEERE & COMPANY
CONSOLIDATED BALANCE SHEET
As of October 31, 2012 and 2011
(In millions of dollars except per share amounts)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 4,652.2	$ 3,647.2
Marketable securities	1,470.4	787.3
Receivables from unconsolidated affiliates	59.7	48.0
Trade accounts and notes receivable - net	3,799.1	3,294.5
Financing receivables - net	22,159.1	19,923.5
Financing receivables securitized - net	3,617.6	2,905.0
Other receivables	1,790.9	1,330.6
Equipment on operating leases - net	2,527.8	2,150.0
Inventories	5,170.0	4,370.6
Property and equipment - net	5,011.9	4,352.3
Investments in unconsolidated affiliates	215.0	201.7
Goodwill	921.2	999.8
Other intangible assets - net	105.0	127.4
Retirement benefits	20.2	30.4
Deferred income taxes	3,280.4	2,858.6
Other assets	1,465.3	1,180.5
Total Assets	$ 56,265.8	$ 48,207.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Short-term borrowings	$ 6,392.5	$ 6,852.3
Short-term securitization borrowings	3,574.8	2,777.4
Payables to unconsolidated affiliates	135.2	117.7
Accounts payable and accrued expenses	8,988.9	7,804.8
Deferred income taxes	164.4	168.3
Long-term borrowings	22,453.1	16,959.9
Retirement benefits and other liabilities	7,694.9	6,712.1
Total liabilities	49,403.8	41,392.5
Commitments and contingencies (Note 22)		
STOCKHOLDERS' EQUITY		
Common stock, $1 par value (authorized — 1,200,000,000 shares; issued — 536,431,204 shares in 2012 and 2011), at paid-in amount	3,352.2	3,251.7
Common stock in treasury, 148,625,875 shares in 2012 and 130,361,345 shares in 2011, at cost	(8,813.8)	(7,292.8)
Retained earnings	16,875.2	14,519.4
Accumulated other comprehensive income (loss):		
Retirement benefits adjustment	(4,759.0)	(4,135.4)
Cumulative translation adjustment	184.1	453.8
Unrealized loss on derivatives	(13.4)	(8.3)
Unrealized gain on investments	16.8	11.9
Accumulated other comprehensive income (loss)	(4,571.5)	(3,678.0)
Total Deere & Company stockholders' equity	6,842.1	6,800.3
Noncontrolling interests	19.9	14.6
Total stockholders' equity	6,862.0	6,814.9
Total Liabilities and Stockholders' Equity	$ 56,265.8	$ 48,207.4

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY
STATEMENT OF CONSOLIDATED CASH FLOWS
For the Years Ended October 31, 2012, 2011 and 2010
(In millions of dollars)

	2012	2011	2010
Cash Flows from Operating Activities			
Net income	$ 3,071.6	$ 2,807.8	$ 1,874.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful receivables	5.1	13.5	106.4
Provision for depreciation and amortization	1,004.2	914.9	914.8
Goodwill impairment charges	33.4		27.2
Share-based compensation expense	74.5	69.0	71.2
Undistributed earnings of unconsolidated affiliates	1.8	11.1	(2.2)
Provision (credit) for deferred income taxes	(91.8)	(168.0)	175.0
Changes in assets and liabilities:			
Trade, notes and financing receivables related to sales	(1,901.6)	(808.9)	(1,095.0)
Insurance receivables	(338.5)	(300.1)	
Inventories	(1,510.2)	(1,730.5)	(1,052.7)
Accounts payable and accrued expenses	1,061.8	1,287.0	1,057.7
Accrued income taxes payable/receivable	(72.3)	1.2	22.1
Retirement benefits	63.3	495.3	(154.1)
Other	(233.6)	(266.0)	337.5
Net cash provided by operating activities	1,167.7	2,326.3	2,282.2
Cash Flows from Investing Activities			
Collections of receivables (excluding receivables related to sales)	13,064.9	12,151.4	11,047.1
Proceeds from maturities and sales of marketable securities	240.3	32.4	38.4
Proceeds from sales of equipment on operating leases	799.5	683.4	621.9
Government grants related to property and equipment			92.3
Proceeds from sales of businesses, net of cash sold	30.2	911.1	34.9
Cost of receivables acquired (excluding receivables related to sales)	(15,139.0)	(13,956.8)	(12,493.9)
Purchases of marketable securities	(922.2)	(586.9)	(63.4)
Purchases of property and equipment	(1,319.2)	(1,056.6)	(761.7)
Cost of equipment on operating leases acquired	(801.8)	(624.2)	(551.1)
Acquisitions of businesses, net of cash acquired		(60.8)	(45.5)
Other	43.2	(113.7)	(28.1)
Net cash used for investing activities	(4,004.1)	(2,620.7)	(2,109.1)
Cash Flows from Financing Activities			
Increase (decrease) in total short-term borrowings	894.9	(226.1)	756.0
Proceeds from long-term borrowings	10,642.0	5,655.0	2,621.1
Payments of long-term borrowings	(5,396.0)	(3,220.8)	(3,675.7)
Proceeds from issuance of common stock	61.0	170.0	129.1
Repurchases of common stock	(1,587.7)	(1,667.0)	(358.8)
Dividends paid	(697.9)	(593.1)	(483.5)
Excess tax benefits from share-based compensation	30.1	70.1	43.5
Other	(66.2)	(48.5)	(41.4)
Net cash provided by (used for) financing activities	3,880.2	139.6	(1,009.7)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(38.8)	11.4	(24.5)
Net Increase (Decrease) in Cash and Cash Equivalents	1,005.0	(143.4)	(861.1)
Cash and Cash Equivalents at Beginning of Year	3,647.2	3,790.6	4,651.7
Cash and Cash Equivalents at End of Year	$ 4,652.2	$ 3,647.2	$ 3,790.6

The notes to consolidated financial statements are an integral part of this statement.

DEERE & COMPANY
STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY
For the Years Ended October 31, 2010, 2011 and 2012
(In millions of dollars)

		Deere & Company Stockholders					
	Total Stockholders' Equity	**Comprehensive Income**	**Common Stock**	**Treasury Stock**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Non - controlling Interests**
Balance October 31, 2009	$ 4,822.8		$ 2,996.2	$ (5,564.7)	$ 10,980.5	$ (3,593.3)	$ 4.1
Net income	1,874.3	$ 1,865.0			1,865.0		9.3
Other comprehensive income (loss)							
Retirement benefits adjustment	158.0	158.0				158.0	
Cumulative translation adjustment	35.7	35.8				35.8	(.1)
Unrealized gain on derivatives	14.9	14.9				14.9	
Unrealized gain on investments	5.0	5.0				5.0	
Total comprehensive income	2,087.9	$ 2,078.7					9.2
Repurchases of common stock	(358.8)			(358.8)			
Treasury shares reissued	134.0			134.0			
Dividends declared	(492.7)				(492.3)		(.4)
Stock options and other	110.2		110.1		(.1)		.2
Balance October 31, 2010	6,303.4		3,106.3	(5,789.5)	12,353.1	(3,379.6)	13.1
Net income	2,807.8	$ 2,799.9			2,799.9		7.9
Other comprehensive income (loss)							
Retirement benefits adjustment	(338.4)	(338.4)				(338.4)	
Cumulative translation adjustment	17.8	17.8				17.8	
Unrealized gain on derivatives	20.9	20.9				20.9	
Unrealized gain on investments	1.3	1.3				1.3	
Total comprehensive income	2,509.4	$ 2,501.5					7.9
Repurchases of common stock	(1,667.0)			(1,667.0)			
Treasury shares reissued	163.7			163.7			
Dividends declared	(638.0)				(633.5)		(4.5)
Stock options and other	143.4		145.4		(.1)		(1.9)
Balance October 31, 2011	6,814.9		3,251.7	(7,292.8)	14,519.4	(3,678.0)	14.6
Net income	3,071.6	$ 3,064.7			3,064.7		6.9
Other comprehensive income (loss)							
Retirement benefits adjustment	(623.6)	(623.6)				(623.6)	
Cumulative translation adjustment	(270.0)	(269.7)				(269.7)	(.3)
Unrealized loss on derivatives	(5.1)	(5.1)				(5.1)	
Unrealized gain on investments	4.9	4.9				4.9	
Total comprehensive income	2,177.8	$ 2,171.2					6.6
Repurchases of common stock	(1,587.7)			(1,587.7)			
Treasury shares reissued	66.7			66.7			
Dividends declared	(709.2)				(708.9)		(.3)
Stock options and other	99.5		100.5				(1.0)
Balance October 31, 2012	$ 6,862.0		$ 3,352.2	$ (8,813.8)	$ 16,875.2	$ (4,571.5)	$ 19.9

The notes to consolidated financial statements are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND CONSOLIDATION

Structure of Operations

The information in the notes and related commentary are presented in a format which includes data grouped as follows:

Equipment Operations — Includes the company's agriculture and turf operations and construction and forestry operations with financial services reflected on the equity basis.

Financial Services — Includes primarily the company's financing operations.

Consolidated — Represents the consolidation of the equipment operations and financial services. References to "Deere & Company" or "the company" refer to the entire enterprise.

Principles of Consolidation

The consolidated financial statements represent primarily the consolidation of all companies in which Deere & Company has a controlling interest. Certain variable interest entities (VIEs) are consolidated since the company has both the power to direct the activities that most significantly impact the VIEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIEs. Deere & Company records its investment in each unconsolidated affiliated company (generally 20 to 50 percent ownership) at its related equity in the net assets of such affiliate (see Note 10). Other investments (less than 20 percent ownership) are recorded at cost.

Variable Interest Entities

The company is the primary beneficiary of and consolidates a VIE based on a cost sharing supply contract. The company has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. No additional support beyond what was previously contractually required has been provided during any periods presented. The VIE produces blended fertilizer and other lawn care products for the agriculture and turf segment.

The assets and liabilities of this supplier VIE consisted of the following at October 31 in millions of dollars:

	2012	2011
Cash and cash equivalents	$ 26	$ 11
Intercompany receivables	7	14
Inventories	25	30
Property and equipment — net	2	3
Other assets	5	3
Total assets	$ 65	$ 61
Short-term borrowings	$ 5	
Accounts payable and accrued expenses	48	$ 56
Total liabilities	$ 53	$ 56

The VIE is financed primarily through its own liabilities. The assets of the VIE can only be used to settle the obligations of the VIE. The creditors of the VIE do not have recourse to the general credit of the company.

See Note 13 for VIEs related to securitization of financing receivables.

Reclassification

Certain items previously reported in the Consolidated Statement of Cash Flows have been reclassified to conform to the 2012 presentation. In the operating activities, insurance receivables were separately stated from other adjustments to net income (see Note 12). The same change was made in the Supplemental Consolidating Data in Note 31, statement of cash flows for financial services. The total cash flows for the consolidated and financial services net cash provided by operating activities did not change.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are significant accounting policies in addition to those included in other notes to the consolidated financial statements.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make

estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition

Sales of equipment and service parts are recorded when the sales price is determinable and the risks and rewards of ownership are transferred to independent parties based on the sales agreements in effect. In the U.S. and most international locations, this transfer occurs primarily when goods are shipped. In Canada and some other international locations, certain goods are shipped to dealers on a consignment basis under which the risks and rewards of ownership are not transferred to the dealer. Accordingly, in these locations, sales are not recorded until a retail customer has purchased the goods. In all cases, when a sale is recorded by the company, no significant uncertainty exists surrounding the purchaser's obligation to pay. No right of return exists on sales of equipment. Service parts and certain attachments returns are estimable and accrued at the time a sale is recognized. The company makes appropriate provisions based on experience for costs such as doubtful receivables, sales incentives and product warranty.

Financing revenue is recorded over the lives of related receivables using the interest method. Insurance premiums recorded in other income are generally recognized in proportion to the costs expected to be incurred over the contract period. Deferred costs on the origination of financing receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the interest method. Income and deferred costs on the origination of operating leases are recognized on a straight-line basis over the scheduled lease terms in finance revenue.

Sales Incentives

At the time a sale is recognized, the company records an estimate of the future sales incentive costs for allowances and financing programs that will be due when a dealer sells the equipment to a retail customer. The estimate is based on historical data, announced incentive programs, field inventory levels and retail sales volumes.

Product Warranties

At the time a sale is recognized, the company records the estimated future warranty costs. These costs are usually estimated based on historical warranty claims (see Note 22).

Sales Taxes

The company collects and remits taxes assessed by different governmental authorities that are both imposed on and concurrent with revenue producing transactions between the company and its customers. These taxes may include sales, use, value-added and some excise taxes. The company reports the collection of these taxes on a net basis (excluded from revenues).

Shipping and Handling Costs

Shipping and handling costs related to the sales of the company's equipment are included in cost of sales.

Advertising Costs

Advertising costs are charged to expense as incurred. This expense was $177 million in 2012, $163 million in 2011 and $154 million in 2010.

Depreciation and Amortization

Property and equipment, capitalized software and other intangible assets are stated at cost less accumulated depreciation or amortization. These assets are depreciated over their estimated useful lives generally using the straight-line method. Equipment on operating leases is depreciated over the terms of the leases using the straight-line method. Property and equipment expenditures for new and revised products, increased capacity and the replacement or major renewal of significant items are capitalized. Expenditures for maintenance, repairs and minor renewals are generally charged to expense as incurred.

Securitization of Receivables

Certain financing receivables are periodically transferred to special purpose entities (SPEs) in securitization transactions (see Note 13). These securitizations qualify as collateral for secured borrowings and no gains or losses are recognized at the time of securitization. The receivables remain on the balance sheet and are classified as "Financing receivables securitized - net." The company recognizes finance income over the lives of these receivables using the interest method.

Receivables and Allowances

All financing and trade receivables are reported on the balance sheet at outstanding principal adjusted for any charge-offs, the allowance for credit losses and doubtful accounts, and any deferred fees or costs on originated financing receivables. Allowances for credit losses and doubtful accounts are maintained in amounts considered to be appropriate in relation to the receivables outstanding based on collection experience, economic conditions and credit risk quality. Receivables are written-off to the allowance when the account is considered uncollectible.

Impairment of Long-Lived Assets, Goodwill and Other Intangible Assets

The company evaluates the carrying value of long-lived assets (including property and equipment, goodwill and other intangible assets) when events or circumstances warrant such a review. Goodwill and intangible assets with indefinite lives are tested for impairment annually at the end of the third fiscal quarter each year, or more often if events or circumstances indicate a reduction in the fair value below the carrying value. Goodwill is allocated and reviewed for impairment by reporting units, which consist primarily of the operating segments and certain other reporting units. The goodwill is allocated to the reporting unit in which the business that created the goodwill resides. To test for goodwill impairment, the carrying value of each reporting unit is compared with its fair value. If the carrying value of the goodwill or long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset (see Note 5).

Derivative Financial Instruments

It is the company's policy that derivative transactions are executed only to manage exposures arising in the normal course of business and not for the purpose of creating speculative positions or trading. The company's financial services manage the relationship of the types and amounts of their funding sources to their receivable and lease portfolio in an effort to diminish risk due to interest rate and foreign currency fluctuations, while responding to favorable financing opportunities. The company also has foreign currency exposures at some of its foreign and domestic operations related to buying, selling and financing in currencies other than the functional currencies.

All derivatives are recorded at fair value on the balance sheet. Cash collateral received or paid is not offset against the derivative fair values on the balance sheet. Each derivative is designated as either a cash flow hedge, a fair value hedge, or remains undesignated. Changes in the fair value of derivatives that are designated and effective as cash flow hedges are recorded in other comprehensive income and reclassified to the income statement when the effects of the item being hedged are recognized in the income statement. Changes in the fair value of derivatives that are designated and effective as fair value hedges are recognized currently in net income. These changes are offset in net income to the extent the hedge was effective by fair value changes related to the risk being hedged on the hedged item. Changes in the fair value of undesignated hedges are recognized currently in the income statement. All ineffective changes in derivative fair values are recognized currently in net income.

All designated hedges are formally documented as to the relationship with the hedged item as well as the risk-management strategy. Both at inception and on an ongoing basis the hedging instrument is assessed as to its effectiveness. If and when a derivative is determined not to be highly effective as a hedge, or the underlying hedged transaction is no longer likely to occur, or the hedge designation is removed, or the derivative is terminated, the hedge accounting discussed above is discontinued (see Note 27).

Foreign Currency Translation

The functional currencies for most of the company's foreign operations are their respective local currencies. The assets and liabilities of these operations are translated into U.S. dollars at the end of the period exchange rates. The revenues and expenses are translated at weighted-average rates for the period. The gains or losses from these translations are recorded in other comprehensive income. Gains or losses from transactions

denominated in a currency other than the functional currency of the subsidiary involved and foreign exchange forward contracts are included in net income. The pretax net losses for foreign exchange in 2012, 2011 and 2010 were $96 million, $121 million and $75 million, respectively.

3. NEW ACCOUNTING STANDARDS

New Accounting Standards Adopted

In the first quarter of 2012, the company adopted the remaining provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements, which amends Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. This ASU requires disclosures of transfers into and out of Levels 1 and 2, more detailed roll forward reconciliations of Level 3 recurring fair value measurements on a gross basis, fair value information by class of assets and liabilities, and descriptions of valuation techniques and inputs for Level 2 and 3 measurements. The effective date was the second quarter of fiscal year 2010 except for the roll forward reconciliations, which were required in the first quarter of fiscal year 2012. The adoption in 2010 and the adoption in the first quarter of 2012 did not have a material effect on the company's consolidated financial statements.

In the second quarter of 2012, the company adopted FASB ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which amends ASC 820, Fair Value Measurement. This ASU requires the categorization by level for items that are required to be disclosed at fair value and information about transfers between Level 1 and Level 2 and additional disclosure for Level 3 measurements. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The adoption did not have a material effect on the company's consolidated financial statements.

New Accounting Standards to be Adopted

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income, which amends ASC 220, Comprehensive Income. This ASU requires the presentation of total comprehensive income, total net income and the components of net income and comprehensive income either in a single continuous statement or in two separate but consecutive statements. The requirements do not change how earnings per share is calculated or presented. The effective date will be the first quarter of fiscal year 2013 and must be applied retrospectively. The adoption will not have a material effect on the company's consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment, which amends ASC 350, Intangibles - Goodwill and Other. This ASU gives an entity the option to first assess qualitative factors to determine if goodwill is impaired. The entity may first determine based on qualitative factors if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If that assessment indicates no impairment, the first and second steps of the quantitative goodwill impairment test are not required. The effective date will be the first quarter of fiscal year 2013. The adoption will not have a material effect on the company's consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities, which amends ASC 210, Balance Sheet. This ASU requires entities to disclose gross and net information about both instruments and transactions eligible for offset in the statement of financial position and those subject to an agreement similar to a master netting arrangement. This would include derivatives and other financial securities arrangements. The effective date will be the first quarter of fiscal year 2014 and must be applied retrospectively. The adoption will not have a material effect on the company's consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment, which amends ASC 350, Intangibles — Goodwill and Other. This ASU gives an entity the option to first assess qualitative factors to determine if indefinite-lived intangible assets are impaired. The entity may first determine based on qualitative factors if it is more likely than not that the fair value of indefinite-lived intangible assets are less than their carrying amount. If that assessment indicates no impairment, the quantitative impairment test is not required. The effective date will be the first quarter of fiscal year 2013. The adoption will not have a material effect on the company's consolidated financial statements.

4. DISPOSITION

In December 2010, the company sold John Deere Renewables, LLC, its wind energy business for approximately $900 million. The company had concluded that its resources were best invested in growing its core businesses. These assets were reclassified as held for sale and written down to fair value less cost to sell at October 31, 2010 (see Note 26). The asset write-down in the fourth quarter of 2010 was $35 million pretax and included in "Other operating expenses."

5. SPECIAL ITEM

Goodwill Impairment

In the fourth quarters of 2012 and 2010, the company recorded non-cash charges in cost of sales for the impairment of goodwill of $33 million pretax, or $31 million after-tax, and $27 million pretax, or $25 million after-tax, respectively. The charges were associated with the company's John Deere Water reporting unit, which is included in the agriculture and turf operating segment. The goodwill impairments in 2012 and 2010 were due to declines in the forecasted financial performance as a

result of more complex integration activities, as well as the global economic downturn prior to 2010. At October 31, 2012, the goodwill in this reporting unit has been completely written off.

The method for determining the fair value of the reporting unit to measure the fair value of the goodwill was a discounted cash flow analysis (see Note 26).

6. CASH FLOW INFORMATION

For purposes of the statement of consolidated cash flows, the company considers investments with purchased maturities of three months or less to be cash equivalents. Substantially all of the company's short-term borrowings, excluding the current maturities of long-term borrowings, mature or may require payment within three months or less.

The equipment operations sell a significant portion of their trade receivables to financial services. These intercompany cash flows are eliminated in the consolidated cash flows.

All cash flows from the changes in trade accounts and notes receivable (see Note 12) are classified as operating activities in the statement of consolidated cash flows as these receivables arise from sales to the company's customers. Cash flows from financing receivables that are related to sales to the company's customers (see Note 12) are also included in operating activities. The remaining financing receivables are related to the financing of equipment sold by independent dealers and are included in investing activities.

The company had the following non-cash operating and investing activities that were not included in the statement of consolidated cash flows. The company transferred inventory to equipment on operating leases of $563 million, $449 million and $405 million in 2012, 2011 and 2010, respectively. The company also had accounts payable related to purchases of property and equipment of $185 million, $135 million and $135 million at October 31, 2012, 2011 and 2010, respectively.

Cash payments (receipts) for interest and income taxes consisted of the following in millions of dollars:

	2012	2011	2010
Interest:			
Equipment operations	$ 420	$ 370	$ 378
Financial services	638	616	679
Intercompany eliminations	(248)	(231)	(229)
Consolidated	$ 810	$ 755	$ 828
Income taxes:			
Equipment operations	$ 1,704	$ 1,379	$ 639
Financial services	207	336	(63)
Intercompany eliminations	(167)	(266)	51
Consolidated	$ 1,744	$ 1,449	$ 627

7. PENSION AND OTHER POSTRETIREMENT BENEFITS

The company has several defined benefit pension plans and postretirement health care and life insurance plans covering its U.S. employees and employees in certain foreign countries. The company uses an October 31 measurement date for these plans.

The components of net periodic pension cost and the assumptions related to the cost consisted of the following in millions of dollars and in percents:

	2012	2011	2010
Pensions			
Service cost	$ 220	$ 197	$ 176
Interest cost	465	492	510
Expected return on plan assets	(787)	(793)	(761)
Amortization of actuarial losses	202	148	113
Amortization of prior service cost	47	46	42
Early-retirement benefits	3		
Settlements/curtailments	10	1	24
Net cost	$ 160	$ 91	$ 104
Weighted-average assumptions			
Discount rates	4.4%	5.0%	5.5%
Rate of compensation increase	3.9%	3.9%	3.9%
Expected long-term rates of return	8.0%	8.1%	8.3%

The components of net periodic postretirement benefits cost and the assumptions related to the cost consisted of the following in millions of

dollars and in percents:

	2012	2011	2010
Health care and life insurance			
Service cost	$ 49	$ 44	$ 44
Interest cost	281	326	337
Expected return on plan assets	(100)	(113)	(122)
Amortization of actuarial losses	136	271	311
Amortization of prior service credit	(15)	(16)	(16)
Net cost	$ 351	$ 512	$ 554
Weighted-average assumptions			
Discount rates	4.4%	5.2%	5.6%
Expected long-term rates of return	7.7%	7.7%	7.8%

For fiscal year 2012, the participants in one of the company's postretirement health care plans became "almost all" inactive as described by the applicable accounting standards due to additional retirements. As a result, the net actuarial loss for this plan in the table above is now being amortized over the longer period for the average remaining life expectancy of the inactive participants rather than the average remaining service period of the active participants. The amortization of actuarial loss also decreased due to lower expected costs from the prescription drug plan to provide group benefits under Medicare Part D as an alternative to collecting the retiree drug subsidy.

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The previous pension cost in net income and other changes in plan assets and benefit obligations in other comprehensive income in millions of dollars were as follows:

	2012	2011	2010
Pensions			
Net cost	$ 160	$ 91	$ 104
Retirement benefit adjustments included in other comprehensive (income) loss:			
Net actuarial losses	999	848	227
Prior service cost	5	9	14
Amortization of actuarial losses	(202)	(148)	(113)
Amortization of prior service cost	(47)	(46)	(42)
Settlements/curtailments	(10)	(1)	(24)
Total loss recognized in other comprehensive (income) loss	745	662	62
Total recognized in comprehensive (income) loss	$ 905	$ 753	$ 166

The previous postretirement benefits cost in net income and other changes in plan assets and benefit obligations in other comprehensive income in millions of dollars were as follows:

	2012	2011	2010
Health care and life insurance			
Net cost	$ 351	$ 512	$ 554
Retirement benefit adjustments included in other comprehensive (income) loss:			
Net actuarial losses (gain)	335	132	(28)
Prior service cost	2		
Amortization of actuarial losses	(136)	(271)	(311)
Amortization of prior service credit	15	16	16
Total (gain) loss recognized in other comprehensive (income) loss	216	(123)	(323)
Total recognized in comprehensive (income) loss	$ 567	$ 389	$ 231

In 2011, the company decided to participate in a prescription drug plan to provide group benefits under Medicare Part D as an alternative to collecting the retiree drug subsidy. This change, which will take effect in 2013, is expected to result in future cost savings to the company greater than the Medicare retiree drug subsidies over time. The change is included in the health care postretirement benefit obligation beginning in 2011. The participants' level of benefits will not be affected.

The benefit plan obligations, funded status and the assumptions related to the obligations at October 31 in millions of dollars follow:

	Pensions		Health Care and Life Insurance	
	2012	2011	2012	2011
Change in benefit obligations				
Beginning of year balance	$ (10,925)	$ (10,197)	$ (6,652)	$ (6,467)
Service cost	(220)	(197)	(49)	(44)
Interest cost	(465)	(492)	(281)	(326)
Actuarial losses	(947)	(656)	(347)	(113)
Amendments	(5)	(9)	(2)	
Benefits paid	656	648	333	340
Health care subsidy receipts			(15)	(14)
Settlements/curtailments	10	1		
Foreign exchange and other	62	(23)	(10)	(28)
End of year balance	(11,834)	(10,925)	(7,023)	(6,652)
Change in plan assets (fair value)				
Beginning of year balance	9,552	9,504	1,459	1,637
Actual return on plan assets	736	600	113	95
Employer contribution	441	79	37	43
Benefits paid	(656)	(648)	(333)	(340)
Settlements	(10)	(1)		
Foreign exchange and other	(46)	18	11	24
End of year balance	10,017	9,552	1,287	1,459
Funded status	$ (1,817)	$ (1,373)	$ (5,736)	$ (5,193)
Weighted-average assumptions				
Discount rates	3.8%	4.4%	3.8%	4.4%
Rate of compensation increase	3.9%	3.9%		

The amounts recognized at October 31 in millions of dollars consist of the following:

	Pensions		Health Care and Life Insurance	
	2012	2011	2012	2011
Amounts recognized in balance sheet				
Noncurrent asset	$ 20	$ 30		
Current liability	(53)	(60)	$ (23)	$ (23)
Noncurrent liability	(1,784)	(1,343)	(5,713)	(5,170)
Total	$ (1,817)	$ (1,373)	$ (5,736)	$ (5,193)
Amounts recognized in accumulated other comprehensive income — pretax				
Net actuarial losses	$ 5,260	$ 4,473	$ 2,266	$ 2,067
Prior service cost (credit)	105	147	(47)	(64)
Total	$ 5,365	$ 4,620	$ 2,219	$ 2,003

The total accumulated benefit obligations for all pension plans at October 31, 2012 and 2011 was $11,181 million and $10,363 million, respectively.

The accumulated benefit obligations and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $10,987 million and $9,787 million, respectively, at October 31, 2012 and $10,168 million and $9,321 million, respectively, at October 31, 2011. The projected benefit obligations and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets were $11,627 million and $9,790 million, respectively, at October 31, 2012 and $10,784 million and $9,381 million, respectively, at October 31, 2011.

The amounts in accumulated other comprehensive income that are expected to be amortized as net expense (income) during fiscal 2013 in millions of dollars follow:

	Pensions	Health Care and Life Insurance
Net actuarial losses	$ 263	$ 147
Prior service cost (credit)	33	(6)
Total	$ 296	$ 141

The company expects to contribute approximately $527 million to its pension plans and approximately $27 million to its health care and life insurance plans in 2013, which include direct benefit payments on unfunded plans.

The benefits expected to be paid from the benefit plans, which reflect expected future years of service, and the Medicare subsidy expected to be received are as follows in millions of dollars:

	Pensions	Health Care and Life Insurance	Health Care Subsidy Receipts*
2013	$ 682	$ 338	$ 4
2014	683	345	
2015	680	356	
2016	683	366	
2017	689	384	
2018 to 2022	3,490	1,947	

* Medicare Part D subsidy.

The annual rates of increase in the per capita cost of covered health care benefits (the health care cost trend rates) used to determine accumulated postretirement benefit obligations were based on the trends for medical and prescription drug claims for pre- and post-65 age groups due to the effects of Medicare. At October 31, 2012, the weighted-average composite trend rates for these obligations were assumed to be a 7.1 percent increase from 2012 to 2013, gradually decreasing to 5.0 percent from 2018 to 2019 and all future years. The obligations at October 31, 2011 and the cost in 2012 assumed a 7.3 percent increase from 2011 to 2012, gradually decreasing to 5.0 percent from 2017 to 2018 and all future years. An increase of one percentage point in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligations by $955 million and the aggregate of service and interest cost component of net periodic postretirement benefits cost for the year by $50 million. A decrease of one percentage point would decrease the obligations by $723 million and the cost by $38 million.

The discount rate assumptions used to determine the postretirement obligations at October 31, 2012 and 2011 were based on hypothetical AA yield curves represented by a series of annualized individual discount rates. These discount rates represent the rates at which the company's benefit obligations could effectively be settled at the October 31 measurement dates.

Fair value measurement levels in the following tables are defined in Note 26.

The fair values of the pension plan assets at October 31, 2012 follow in millions of dollars:

	Total	Level 1	Level 2	Level 3
Cash and short-term investments	$ 1,166	$ 287	$ 879	
Equity:				
U.S. equity securities	2,481	2,481		
U.S. equity funds	43	8	35	
International equity securities	1,477	1,477		
International equity funds	411	49	362	
Fixed Income:				
Government and agency securities	404	379	25	
Corporate debt securities	220		220	
Mortgage-backed securities	126		126	

Fixed income funds	853	92	761	
Real estate	537	104	14	$ 419
Private equity/venture capital	1,319			1,319
Hedge funds	578	2	422	154
Other investments	508	1	507	
Derivative contracts - assets*	721	1	720	
Derivative contracts - liabilities**	(454)	(20)	(434)	
Receivables, payables and other	(41)	(41)		
Securities lending collateral	223		223	
Securities lending liability	(223)		(223)	
Securities sold short	(332)	(332)		
Total net assets	$ 10,017	$ 4,488	$ 3,637	$ 1,892

* Includes contracts for interest rates of $707 million, foreign currency of $8 million and other of $6 million.
** Includes contracts for interest rates of $418 million, foreign currency of $12 million and other of $24 million.

The fair values of the health care assets at October 31, 2012 follow in millions of dollars:

	Total	Level 1	Level 2	Level 3
Cash and short-term investments	$ 78	$ 11	$ 67	
Equity:				
U.S. equity securities	319	319		
U.S. equity funds	67	67		
International equity securities	69	69		
International equity funds	200		200	
Fixed Income:				
Government and agency securities	218	215	3	
Corporate debt securities	35		35	
Mortgage-backed securities	15		15	
Fixed income funds	72		72	
Real estate	53	7	29	$ 17
Private equity/venture capital	54			54
Hedge funds	85		79	6
Other investments	21		21	
Derivative contracts - assets*	8		8	
Derivative contracts - liabilities**	(1)		(1)	
Receivables, payables and other	8	8		
Securities lending collateral	38		38	
Securities lending liability	(38)		(38)	
Securities sold short	(14)	(14)		
Total net assets	$ 1,287	$ 682	$ 528	$ 77

* Includes contracts for interest rates of $7 million and foreign currency of $1 million.
** Includes contracts for foreign currency of $1 million.

The fair values of the pension plan assets at October 31, 2011 follow in millions of dollars:

	Total	Level 1	Level 2	Level 3
Cash and short-term investments	$ 1,074	$ 179	$ 895	
Equity:				
U.S. equity securities	2,070	2,070		
U.S. equity funds	49	11	38	
International equity securities	1,086	1,086		
International equity funds	319	29	290	
Fixed Income:				
Government and agency securities	543	516	27	
Corporate debt securities	196		196	
Mortgage-backed securities	180		180	
Fixed income funds	1,077	54	1,023	
Real estate	505	75	14	$ 416
Private equity/venture capital	1,123			1,123
Hedge funds	608	3	462	143
Other investments	448		448	
Derivative contracts - assets*	787	21	766	
Derivative contracts - liabilities**	(473)	(15)	(458)	
Receivables, payables and other	(40)	(40)		
Securities lending collateral	750		750	
Securities lending liability	(750)		(750)	
Total net assets	$ 9,552	$ 3,989	$ 3,881	$ 1,682

* Includes contracts for interest rates of $742 million, foreign currency of $19 million and other of $26 million.
** Includes contracts for interest rates of $442 million, foreign currency of $17 million and other of $14 million.

The fair values of the health care assets at October 31, 2011 follow in millions of dollars:

	Total	Level 1	Level 2	Level 3
Cash and short-term investments	$ 58	$ 7	$ 51	
Equity:				
U.S. equity securities	372	372		
U.S. equity funds	84	84		

	Total	Level 1	Level 2	Level 3
International equity securities	64	64		
International equity funds	210		210	
Fixed Income:				
Government and agency securities	250	246	4	
Corporate debt securities	39		39	
Mortgage-backed securities	22		22	
Fixed income funds	107		107	
Real estate	57	4	32	$ 21
Private equity/venture capital	55			55
Hedge funds	110		103	7
Other investments	22		22	
Derivative contracts - assets*	12	1	11	
Derivative contracts - liabilities**	(2)	(1)	(1)	
Receivables, payables and other	(1)	(1)		
Securities lending collateral	215		215	
Securities lending liability	(215)		(215)	
Total net assets	$ 1,459	$ 776	$ 600	$ 83

* Includes contracts for interest rates of $10 million, foreign currency of $1 million and other of $1 million.
** Includes contracts for foreign currency of $1 million and other of $1 million.

A reconciliation of Level 3 pension and health care asset fair value measurements in millions of dollars follows:

	Total	Real Estate	Private Equity/ Venture Capital	Hedge Funds
October 31, 2010 *	$ 1,443	$ 378	$ 912	$ 153
Realized gain	33		32	1
Change in unrealized gain	192	48	141	3
Purchases, sales and settlements - net	97	11	93	(7)
October 31, 2011 *	1,765	437	1,178	150
Realized gain	18		18	
Change in unrealized gain (loss)	74	(4)	65	13
Purchases, sales and settlements - net	112	3	112	(3)
October 31, 2012 *	$ 1,969	$ 436	$ 1,373	$ 160

* Health care Level 3 assets represent approximately 4 percent to 5 percent of the reconciliation amounts for 2012, 2011 and 2010.

Fair values are determined as follows:

Cash and Short-Term Investments — Includes accounts and cash funds that are valued based on the account value, which approximates fair value, or on the fund's net asset value (NAV) based on the fair value of the underlying securities. Also included are securities that are valued using a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data.

Equity Securities and Funds — The values are determined primarily by closing prices in the active market in which the equity investment trades, or the fund's NAV, based on the fair value of the underlying securities.

Fixed Income Securities and Funds — The securities are valued using either a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data such as interest rates, yield curves, volatilities, credit risk and prepayment speeds, or they are valued using the closing prices in the active market in which the fixed income investment trades. Fixed income funds are valued using the NAV, based on the fair value of the underlying securities.

Real Estate,Venture Capital and Private Equity — The investments, which are structured as limited partnerships, are valued using an income approach (estimated cash flows discounted over the expected holding period), as well as a market approach (the valuation of similar securities and properties). These investments are valued at estimated fair value based on their proportionate share of the limited partnership's fair value that is determined by the general partner. Real estate investment trusts are valued at the closing prices in the active markets in which the investment trades. Real estate investment funds are valued at the NAV, based on the fair value of the underlying securities.

Hedge Funds and Other Investments — The investments are valued using the NAV provided by the administrator of the fund, which is based on the fair value of the underlying securities.

Interest Rate, Foreign Currency and Other Derivative Instruments — The derivatives are valued using either an income approach (discounted cash flow) using market observable inputs, including swap curves and both forward and spot exchange rates, or a market approach (closing prices in the active market in which the derivative instrument trades).

The primary investment objective for the pension plan assets is to maximize the growth of these assets to meet the projected obligations to the beneficiaries over a long period of time, and to do so in a manner that is consistent with the company's earnings strength and risk tolerance. The primary investment objective for the health care plan assets is to provide the company with the financial flexibility to pay the projected obligations to beneficiaries over a long period of time. The asset allocation policy is the most important decision in managing the assets and it is reviewed regularly. The asset allocation policy considers the company's financial strength and long-term asset class risk/return expectations since the obligations are long-term in nature. The current target allocations for pension assets are approximately 42 percent for equity securities, 31 percent for debt securities, 5 percent for real estate and 22 percent for other investments. The target allocations for health care assets are approximately 51 percent for equity securities, 31 percent for debt securities, 3 percent for real estate and 15 percent for other investments. The allocation percentages above include the effects of combining derivatives with other investments to manage asset allocations and exposures to interest rates and foreign currency exchange. The assets are well diversified and are managed by professional investment firms as well as by investment professionals who are company employees. As a result of the company's diversified investment policy, there were no significant concentrations of risk.

The expected long-term rate of return on plan assets reflects management's expectations of long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation and for returns in multiple asset classes, while also considering historical returns, asset allocation and investment strategy. The company's approach has emphasized the long-term nature of the return estimate such that the return assumption is not changed unless there are fundamental changes in capital markets that affect the company's expectations for returns over an extended period of time (i.e., 10 to 20 years). The average annual return of the company's U.S. pension fund was approximately 9.3 percent during the past ten years and approximately 9.7 percent during the past 20 years. Since return premiums over inflation and total returns for major asset classes vary widely even over ten-year periods, recent history is not necessarily indicative of long-term future expected returns. The company's systematic methodology for determining the long-term rate of return for the company's investment strategies supports the long-term expected return assumptions.

The company has created certain Voluntary Employees' Beneficiary Association trusts (VEBAs) for the funding of postretirement health care benefits. The future expected asset returns for these VEBAs are lower than the expected return on the other pension and health care plan assets due to investment in a higher proportion of liquid securities. These assets are in addition to the other postretirement health care plan assets that have been funded under Section 401(h) of the U.S. Internal Revenue Code and maintained in a separate account in the company's pension plan trust.

The company has defined contribution plans related to employee investment and savings plans primarily in the U.S. The company's contributions and costs under these plans were $155 million in 2012, $108 million in 2011 and $85 million in 2010. The contribution rate varies primarily based on the company's performance in the prior year and employee participation in the plans.

8. INCOME TAXES

The provision for income taxes by taxing jurisdiction and by significant component consisted of the following in millions of dollars:

	2012	2011	2010
Current:			
U.S.:			
Federal	$ 1,277	$ 928	$ 574
State	119	144	50
Foreign	355	520	363
Total current	1,751	1,592	987
Deferred:			
U.S.:			
Federal	(76)	(135)	156
State	(7)	(28)	11
Foreign	(9)	(5)	8
Total deferred	(92)	(168)	175
Provision for income taxes	$ 1,659	$ 1,424	$ 1,162

Based upon the location of the company's operations, the consolidated income before income taxes in the U.S. in 2012, 2011 and 2010 was $3,582 million, $2,618 million and $2,048 million, respectively, and in foreign countries was $1,152 million, $1,605 million and $977 million, respectively. Certain foreign operations are branches of Deere & Company and are, therefore, subject to U.S. as well as foreign income tax regulations. The pretax income by location and the preceding analysis of the income tax provision by taxing jurisdiction are, therefore, not directly related.

A comparison of the statutory and effective income tax provision and reasons for related differences in millions of dollars follow:

	2012	2011	2010
U. S. federal income tax provision at a statutory rate of 35 percent	$ 1,657	$ 1,478	$ 1,059
Increase (decrease) resulting from:			
Valuation allowance on foreign deferred taxes	200	18	5
State and local income taxes, net of federal income tax benefit	73	75	40
Nondeductible health care claims*			123
Nondeductible goodwill impairment charge	6		7
Nontaxable foreign partnership earnings	(172)		
Tax rates on foreign earnings	(69)	(70)	(59)
Research and development tax credits	(10)	(38)	(5)
Wind energy production tax credits			(30)
Other-net	(26)	(39)	22
Provision for income taxes	$ 1,659	$ 1,424	$ 1,162

* Cumulative adjustment from change in law. Effect included in state taxes was $7 million.

At October 31, 2012, accumulated earnings in certain subsidiaries outside the U.S. totaled $3,209 million for which no provision for U.S. income taxes or foreign withholding taxes has been made, because it is expected that such earnings will be reinvested outside the U.S. indefinitely. Determination of the amount of unrecognized deferred tax liability on these unremitted earnings is not practicable. At October 31, 2012, the amount of cash and cash equivalents and marketable securities held by these foreign subsidiaries was $628 million.

Deferred income taxes arise because there are certain items that are treated differently for financial accounting than for income tax reporting purposes. An analysis of the deferred income tax assets and liabilities at October 31 in millions of dollars follows:

	2012		2011	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Other postretirement benefit liabilities	$ 2,136		$ 1,944	
Tax over book depreciation		$ 606		$ 492
Accrual for sales allowances	546		438	
Pension liabilities - net	457		279	
Lease transactions		317		309
Accrual for employee benefits	249		189	
Tax loss and tax credit carryforwards	249		121	
Share-based compensation	133		113	
Inventory	131		152	
Goodwill and other intangible assets		110		123
Allowance for credit losses	92		115	
Deferred gains on distributed foreign earnings	84		83	

Deferred compensation	40		37	
Undistributed foreign earnings		11		19
Other items	443	115	348	112
Less valuation allowances	(285)		(74)	
Deferred income tax assets and liabilities	$ 4,275	$ 1,159	$ 3,745	$ 1,055

Deere & Company files a consolidated federal income tax return in the U.S., which includes the wholly-owned financial services subsidiaries. These subsidiaries account for income taxes generally as if they filed separate income tax returns.

At October 31, 2012, certain tax loss and tax credit carryforwards of $249 million were available with $127 million expiring from 2013 through 2032 and $122 million with an indefinite carryforward period.

The Patient Protection and Affordable Care Act as amended by the Healthcare and Education Reconciliation Act of 2010 was signed into law in the company's second fiscal quarter of 2010. Under the legislation, to the extent the company's future health care drug expenses are reimbursed under the Medicare Part D retiree drug subsidy program, the expenses will no longer be tax deductible effective November 1, 2013. Since the tax effects for the retiree health care liabilities were reflected in the company's financial statements, the entire impact of this tax change relating to the future retiree drug costs was recorded in tax expense in the second quarter of 2010, which was the period in which the legislation was enacted. As a result of the legislation, the company's tax expenses increased approximately $130 million in 2010.

A reconciliation of the total amounts of unrecognized tax benefits at October 31 in millions of dollars follows:

	2012	2011	2010
Beginning of year balance	$ 199	$ 218	$ 260
Increases to tax positions taken during the current year	46	23	36
Increases to tax positions taken during prior years	54	13	83
Decreases to tax positions taken during prior years	(14)	(42)	(133)
Decreases due to lapse of statute of limitations	(9)	(13)	(2)
Settlements		(1)	(19)
Foreign exchange	(11)	1	(7)
End of year balance	$ 265	$ 199	$ 218

The amount of unrecognized tax benefits at October 31, 2012 that would affect the effective tax rate if the tax benefits were recognized was $65 million. The remaining liability was related to tax positions for which there are offsetting tax receivables, or the uncertainty was only related to timing. The company expects that any reasonably possible change in the amounts of unrecognized tax benefits in the next twelve months would not be significant.

The company files its tax returns according to the tax laws of the jurisdictions in which it operates, which includes the U.S. federal jurisdiction, and various state and foreign jurisdictions. The U.S. Internal Revenue Service has completed the examination of the company's federal income tax returns for periods prior to 2009. The years 2009 and 2010 federal income tax returns are currently under examination. Various state and foreign income tax returns, including major tax jurisdictions in Canada and Germany, also remain subject to examination by taxing authorities.

The company's policy is to recognize interest related to income taxes in interest expense and interest income, and recognize penalties in selling, administrative and general expenses. During 2012, 2011 and 2010, the total amount of expense from interest and penalties was $6 million, $3 million and $3 million and the interest income was $1 million, $3 million and $5 million, respectively. At October 31, 2012 and 2011, the liability for accrued interest and penalties totaled $39 million and $39 million and the receivable for interest was $1 million and $7 million, respectively.

9. OTHER INCOME AND OTHER OPERATING EXPENSES

The major components of other income and other operating expenses consisted of the following in millions of dollars:

	2012	2011	2010
Other income			
Insurance premiums and fees earned	$ 248	$ 236	$ 198
Revenues from services	233	217	276
Investment income	14	11	10
Other	180	160	122
Total	$ 675	$ 624	$ 606
Other operating expenses			
Depreciation of equipment on operating leases	$ 339	$ 306	$ 288
Insurance claims and expenses	245	193	146
Cost of services	122	115	198
Other	76	102	116
Total	$ 782	$ 716	$ 748

The company issues insurance policies for crop insurance and extended equipment warranties. Beginning in 2011, the crop insurance subsidiary utilized reinsurance to limit its losses and reduce its exposure to claims. Prior to 2011, the crop insurance business was conducted through managing general agency agreements with external insurance companies. Although reinsurance contracts permit recovery of certain claims from reinsurers, the insurance subsidiary is not relieved of its primary obligation to the policyholders. The premiums ceded by the crop insurance subsidiary in 2012 and 2011 were $251 million and $246 million, and claims recoveries on the ceded business were $493 million and $271 million, respectively. These amounts from reinsurance are netted against the insurance premiums and fees earned and the insurance claims and expenses in the table above.

10. UNCONSOLIDATED AFFILIATED COMPANIES

Unconsolidated affiliated companies are companies in which Deere & Company generally owns 20 percent to 50 percent of the outstanding voting shares. Deere & Company does not control these companies and accounts for its investments in them on the equity basis. The investments in these companies primarily consist of Bell Equipment Limited (32 percent ownership), Deere-Hitachi Construction Machinery Corporation (50 percent ownership), John Deere Tiantuo Company, Ltd. (51 percent ownership), Xuzhou XCG John Deere Machinery Manufacturing Co., Ltd. (50 percent ownership) and Ashok Leyland John Deere Construction Equipment Company Private Limited (50 percent ownership). The unconsolidated affiliated companies primarily manufacture or market equipment. Deere & Company's share of the income or loss of these companies is reported in the consolidated income statement under "Equity in income (loss) of unconsolidated affiliates." The investment in these

companies is reported in the consolidated balance sheet under “Investments in unconsolidated affiliates.”

Combined financial information of the unconsolidated affiliated companies in millions of dollars follows:

Operations	2012	2011	2010
Sales	$ 2,722	$ 2,233	$ 1,502
Net income (loss)	(1)	34	23
Deere & Company's equity in net income (loss)	(3)	9	11

Financial Position	2012	2011
Total assets	$ 1,621	$ 1,357
Total external borrowings	345	321
Total net assets	558	495
Deere & Company's share of the net assets	215	202

Consolidated retained earnings at October 31, 2012 include undistributed earnings of the unconsolidated affiliates of $63 million. Dividends from unconsolidated affiliates were $.2 million in 2012, $18 million in 2011 and $6 million in 2010.

11. MARKETABLE SECURITIES

All marketable securities are classified as available-for-sale, with unrealized gains and losses shown as a component of stockholders' equity. Realized gains or losses from the sales of marketable securities are based on the specific identification method.

The amortized cost and fair value of marketable securities at October 31 in millions of dollars follow:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2012				
U.S. government debt securities	$ 1,193	$ 7		$ 1,200
Municipal debt securities	35	3		38
Corporate debt securities	100	10		110
Mortgage-backed securities*	117	6	$ 1	122
Marketable securities	$ 1,445	$ 26	$ 1	$ 1,470
2011				
U.S. government debt securities	$ 571	$ 6	$ 1	$ 576
Municipal debt securities	34	2		36
Corporate debt securities	83	6		89
Mortgage-backed securities*	82	4		86
Marketable securities	$ 770	$ 18	$ 1	$ 787

* Primarily issued by U.S. government sponsored enterprises.

The contractual maturities of debt securities at October 31, 2012 in millions of dollars follow:

	Amortized Cost	Fair Value
Due in one year or less	$ 813	$ 813
Due after one through five years	366	370
Due after five through 10 years	85	93
Due after 10 years	64	72
Mortgage-backed securities	117	122
Debt securities	$ 1,445	$ 1,470

Actual maturities may differ from contractual maturities because some securities may be called or prepaid. Because of the potential for prepayment on mortgage-backed securities, they are not categorized by contractual maturity. Proceeds from the sales of available-for-sale securities were $7 million in 2012, $2 million in 2011 and none in 2010. Realized gains, realized losses, the increase (decrease) in net unrealized gains or losses and unrealized losses that have been continuous for over twelve months were not significant in 2012, 2011 and 2010. Unrealized losses at October 31, 2012 and 2011 were primarily the result of an increase in interest rates and were not recognized in income due to the ability and intent to hold to maturity. There were no impairment write-downs in the periods reported.

12. RECEIVABLES

Trade Accounts and Notes Receivable

Trade accounts and notes receivable at October 31 consisted of the following in millions of dollars:

	2012	2011

Trade accounts and notes:		
Agriculture and turf	$ 3,074	$ 2,618
Construction and forestry	725	676
Trade accounts and notes receivable—net	$ 3,799	$ 3,294

At October 31, 2012 and 2011, dealer notes included in the previous table were $95 million and $97 million, and the allowance for doubtful trade receivables was $66 million and $72 million, respectively.

The equipment operations sell a significant portion of their trade receivables to financial services and provide compensation to these operations at approximate market rates of interest.

Trade accounts and notes receivable primarily arise from sales of goods to independent dealers. Under the terms of the sales to dealers, interest is primarily charged to dealers on outstanding balances, from the earlier of the date when goods are sold to retail customers by the dealer or the expiration of certain interest-free periods granted at the time of the sale to the dealer, until payment is received by the company. Dealers cannot cancel purchases after the equipment is shipped and are responsible for payment even if the equipment is not sold to retail customers. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. These periods range from one to twelve months for most equipment. Interest-free periods may not be extended. Interest charged may not be forgiven and the past due interest rates exceed market rates. The company evaluates and assesses dealers on an ongoing basis as to their creditworthiness and generally retains a security interest in the goods associated with the trade receivables. The company is obligated to repurchase goods sold to a dealer upon cancellation or termination of the dealer’s contract for such causes as change in ownership and closeout of the business.

Trade accounts and notes receivable have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector as shown in the

previous table. On a geographic basis, there is not a disproportionate concentration of credit risk in any area.

Financing Receivables

Financing receivables at October 31 consisted of the following in millions of dollars:

	2012 Unrestricted	2012 Securitized	2011 Unrestricted	2011 Securitized
Retail notes:				
Equipment:				
Agriculture and turf	$ 14,144	$ 3,126	$ 12,969	$ 2,597
Construction and forestry	1,091	553	1,036	362
Recreational products			4	
Total	15,235	3,679	14,009	2,959
Wholesale notes	3,888		3,006	
Revolving charge accounts	2,488		2,518	
Financing leases (direct and sales-type)	1,411		1,242	
Operating loans	42		84	
Total financing receivables	23,064	3,679	20,859	2,959
Less:				
Unearned finance income:				
Equipment notes	619	44	635	36
Financing leases	126		121	
Total	745	44	756	36
Allowance for credit losses	160	17	179	18
Financing receivables — net	$ 22,159	$ 3,618	$ 19,924	$ 2,905

The residual values for investments in financing leases at October 31, 2012 and 2011 totaled $79 million and $75 million, respectively.

Financing receivables have significant concentrations of credit risk in the agriculture and turf sector and construction and forestry sector as shown in the previous table. On a geographic basis, there is not a disproportionate concentration of credit risk in any area. The company retains as collateral a security interest in the equipment associated with retail notes, wholesale notes and financing leases.

Financing receivables at October 31 related to the company's sales of equipment that were included in the table above consisted of the following in millions of dollars:

	2012 Unrestricted	2011 Unrestricted
Retail notes*:		
Equipment:		
Agriculture and turf	$ 1,810	$ 1,633
Construction and forestry	313	310
Total	2,123	1,943
Wholesale notes	3,888	3,006
Sales-type leases	836	776
Total	6,847	5,725
Less:		
Unearned finance income:		
Equipment notes	191	197
Sales-type leases	61	64
Total	252	261
Financing receivables related to the company's sales of equipment	$ 6,595	$ 5,464

* These retail notes generally arise from sales of equipment by company-owned dealers or through direct sales.

Financing receivable installments, including unearned finance income, at October 31 are scheduled as follows in millions of dollars:

	2012 Unrestricted	2012 Securitized	2011 Unrestricted	2011 Securitized
Due in months:				
0 - 12	$ 11,486	$ 1,437	$ 10,311	$ 1,192
13 - 24	4,257	1,004	3,937	807
25 - 36	3,232	712	2,960	524
37 - 48	2,278	399	2,032	305
49 - 60	1,356	120	1,196	119
Thereafter	455	7	423	12

Total	$ 23,064	$ 3,679	$ 20,859	$ 2,959

The maximum terms for retail notes are generally seven years for agriculture and turf equipment and five years for construction and forestry equipment. The maximum term for financing leases is generally five years, while the average term for wholesale notes is less than twelve months.

At October 31, 2012 and 2011, the unpaid balances of receivables administered but not owned were $120 million and $146 million, respectively. At October 31, 2012 and 2011, worldwide financing receivables administered, which include financing receivables administered but not owned, totaled $25,897 million and $22,974 million, respectively.

Past due balances of financing receivables still accruing finance income represent the total balance held (principal plus accrued interest) with any payment amounts 30 days or more past the contractual payment due date. Non-performing financing receivables represent loans for which the company has ceased accruing finance income. These receivables are generally 120 days delinquent and the estimated uncollectible amount, after charging the dealer’s withholding account, has been written off to the allowance for credit losses. Finance income for non-performing receivables is recognized on a cash basis. Accrual of finance income is resumed when the receivable becomes contractually current and collections are reasonably assured.

An age analysis of past due and non-performing financing receivables at October 31, 2012 follows in millions of dollars:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due*	Total Past Due
Retail Notes:				
Agriculture and turf	$ 60	$ 25	$ 17	$ 102
Construction and forestry	39	18	9	66
Other:				
Agriculture and turf	21	6	3	30
Construction and forestry	8	2	2	12
Total	$ 128	$ 51	$ 31	$ 210

	Total Past Due	Total Non-Performing	Current	Total Financing Receivables
Retail Notes:				
Agriculture and turf	$ 102	$ 117	$ 16,432	$ 16,651
Construction and forestry	66	13	1,521	1,600
Other:				
Agriculture and turf	30	11	6,464	6,505
Construction and forestry	12	3	1,183	1,198
Total	$ 210	$ 144	$ 25,600	25,954
Less allowance for credit losses				177
Total financing receivables - net				$ 25,777

* Financing receivables that are 90 days or greater past due and still accruing finance income.

An age analysis of past due and non-performing financing receivables at October 31, 2011 follows in millions of dollars:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due*	Total Past Due
Retail Notes:				
Agriculture and turf	$ 81	$ 30	$ 25	$ 136
Construction and forestry	45	20	11	76
Other:				
Agriculture and turf	23	10	5	38
Construction and forestry	7	4	2	13
Total	$ 156	$ 64	$ 43	$ 263

	Total Past Due	Total Non-Performing	Current	Total Financing Receivables
Retail Notes:				
Agriculture and turf	$ 136	$ 132	$ 14,667	$ 14,935
Construction and forestry	76	17	1,264	1,357
Recreational products			4	4
Other:				
Agriculture and turf	38	16	5,655	5,709
Construction and forestry	13	5	1,003	1,021
Total	$ 263	$ 170	$ 22,593	23,026
Less allowance for credit losses				197
Total financing receivables - net				$ 22,829

* Financing receivables that are 90 days or greater past due and still accruing finance income.

An analysis of the allowance for credit losses and investment in financing receivables follows in millions of dollars:

	Retail Notes	Revolving Charge Accounts	Other	Total
2012				

Allowance:				
Beginning of year balance	$ 130	$ 40	$ 27	$ 197
Provision (credit)	(12)	8	3	(1)
Write-offs	(8)	(30)	(4)	(42)
Recoveries	10	22	1	33
Translation adjustments	(10)			(10)
End of year balance	$ 110	$ 40	$ 27	$ 177
Balance individually evaluated*		$ 1		$ 1
Financing receivables:				
End of year balance	$ 18,251	$ 2,488	$ 5,215	$ 25,954
Balance individually evaluated*	$ 11	$ 1	$ 1	$ 13

* Remainder is collectively evaluated.

2011				
Allowance:				
Beginning of year balance	$ 144	$ 44	$ 37	$ 225
Provision (credit)	3	8	(2)	9
Write-offs	(29)	(40)	(10)	(79)
Recoveries	12	28	2	42
End of year balance	$ 130	$ 40	$ 27	$ 197
Balance individually evaluated*	$ 1			$ 1
Financing receivables:				
End of year balance	$ 16,296	$ 2,518	$ 4,212	$ 23,026
Balance individually evaluated*	$ 12		$ 11	$ 23

* Remainder is collectively evaluated.

A comparative analysis of the allowance for credit losses follows in millions of dollars:

	2012	2011	2010
Beginning of year balance	$ 197	$ 225	$ 239
Provision (credit)	(1)	9	100
Write-offs	(42)	(79)	(147)
Recoveries	33	42	31
Translation adjustments	(10)		2
End of year balance	$ 177	$ 197	$ 225

Past-due amounts over 30 days represented .81 percent and 1.14 percent of the receivables financed at October 31, 2012 and 2011, respectively. The allowance for credit losses represented .68 percent and .86 percent of financing receivables outstanding at October 31, 2012 and 2011, respectively. In addition, at October 31, 2012 and 2011, the company's financial services operations had $194 million and $188 million, respectively, of deposits withheld from dealers and merchants available for potential credit losses.

Financing receivables are considered impaired when it is probable the company will be unable to collect all amounts due according to the contractual terms. Receivables reviewed for impairment generally include those that are either past due, or have provided bankruptcy notification, or require significant collection efforts. Receivables that are impaired are generally classified as non-performing.

An analysis of the impaired financing receivables at October 31 follows in millions of dollars:

	Recorded Investment	Unpaid Principal Balance	Specific Allowance	Average Recorded Investment
2012				
Receivables with specific allowance*	$ 1	$ 1	$ 1	$ 1
Receivables without a specific allowance**	9	9		10
Total	$ 10	$ 10	$ 1	$ 11
Agriculture and turf	$ 6	$ 6	$ 1	$ 6
Construction and forestry	$ 4	$ 4		$ 5
2011				
Receivables with specific allowance*	$ 7	$ 7	$ 1	$ 8
Receivables without a specific allowance**	9	9		12
Total	$ 16	$ 16	$ 1	$ 20
Agriculture and turf	$ 11	$ 11	$ 1	$ 14
Construction and forestry	$ 5	$ 5		$ 6

* Finance income recognized was not material.
** Primarily retail notes.

A troubled debt restructuring is generally the modification of debt in which a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. These modifications may include a reduction of the stated interest rate, an extension of the maturity dates, a reduction of the face amount or maturity amount of the debt, or a reduction of accrued interest. During 2012 and 2011, the company identified 138 and 213 financing receivable contracts, primarily retail notes, as troubled debt restructurings with aggregate balances of $5 million and $11 million pre-modification and $4 million and $10 million post-modification, respectively. During these same periods, there were no significant troubled debt restructurings that subsequently defaulted and were written off. At October 31, 2012, the company had no commitments to lend additional funds to borrowers whose accounts were modified in troubled debt restructurings.

Other Receivables

Other receivables at October 31 consisted of the following in millions of dollars:

	2012	2011
Taxes receivable	$ 971	$ 844
Reinsurance receivables	569	242
Insurance premium receivables	69	58
Other	182	187
Other receivables	$ 1,791	$ 1,331

Reinsurance and insurance premium receivables are associated with the financial services' crop insurance subsidiary (see Note 9).

13. SECURITIZATION OF FINANCING RECEIVABLES

The company, as a part of its overall funding strategy, periodically transfers certain financing receivables (retail notes) into variable interest entities (VIEs) that are special purpose entities (SPEs), or a non-VIE banking operation, as part of its asset-backed securities programs (securitizations). The structure of these transactions is such that the transfer of the retail notes did not meet the criteria of sales of receivables, and is, therefore, accounted for as a secured borrowing. SPEs utilized in securitizations of retail notes differ from other entities included in the company's consolidated statements because the assets they hold are legally isolated. Use of the assets held by the SPEs or the non-VIE is restricted by terms of the documents governing the securitization transactions.

In securitizations of retail notes related to secured borrowings, the retail notes are transferred to certain SPEs or to a non-VIE banking operation, which in turn issue debt to investors. The resulting secured borrowings are recorded as "Short-term securitization borrowings" on the balance sheet.

The securitized retail notes are recorded as "Financing receivables securitized - net" on the balance sheet. The total restricted assets on the balance sheet related to these securitizations include the financing receivables securitized less an allowance for credit losses, and other assets primarily representing restricted cash. For those securitizations in which retail notes are transferred into SPEs, the SPEs supporting the secured borrowings are consolidated unless the company does not have both the power to direct the activities that most significantly impact the SPEs' economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the SPEs. No additional support to these SPEs beyond what was previously contractually required has been provided during the reporting periods.

In certain securitizations, the company consolidates the SPEs since it has both the power to direct the activities that most significantly impact the SPEs' economic performance through its role as servicer of all the receivables held by the SPEs, and the obligation through variable interests in the SPEs to absorb losses or receive benefits that could potentially be significant to the SPEs. The restricted assets (retail notes securitized, allowance for credit losses and other assets) of the consolidated SPEs totaled $2,330 million and $1,523 million at October 31, 2012 and 2011, respectively. The liabilities (short-term securitization borrowings and accrued interest) of these SPEs totaled $2,262 million and $1,395 million at October 31, 2012 and 2011, respectively. The credit holders of these SPEs do not have legal recourse to the company's general credit.

In certain securitizations, the company transfers retail notes to a non-VIE banking operation, which is not consolidated since the company does not have a controlling interest in the entity. The company's carrying values and interests related to the securitizations with the unconsolidated non-VIE were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $324 million and $369 million at October 31, 2012 and 2011, respectively. The liabilities (short-term securitization borrowings and accrued interest) were $310 million and $346 million at October 31, 2012 and 2011, respectively.

In certain securitizations, the company transfers retail notes into bank-sponsored, multi-seller, commercial paper conduits, which are SPEs that are not consolidated. The company does not service a significant portion of the conduits' receivables, and therefore, does not have the power to direct the activities that most significantly impact the conduits' economic performance. These conduits provide a funding source to the company (as well as other transferors into the conduit) as they fund the retail notes through the issuance of commercial paper. The company's carrying values and variable interest related to these conduits were restricted assets (retail notes securitized, allowance for credit losses and other assets) of $1,049 million and $1,109 million at October 31, 2012 and 2011, respectively. The liabilities (short-term securitization borrowings and accrued interest) related to these conduits were $1,004 million and $1,038 million at October 31, 2012 and 2011, respectively.

The company's carrying amount of the liabilities to the unconsolidated conduits, compared to the maximum exposure to loss related to these conduits, which would only be incurred in the event of a complete loss on the restricted assets, was as follows at October 31 in millions of dollars:

	2012
Carrying value of liabilities	$ 1,004
Maximum exposure to loss	1,049

The total assets of unconsolidated VIEs related to securitizations were approximately $31 billion at October 31, 2012.

The components of consolidated restricted assets related to secured borrowings in securitization transactions at October 31 were as follows in millions of dollars:

	2012	2011
Financing receivables securitized (retail notes)	$ 3,635	$ 2,923
Allowance for credit losses	(17)	(18)
Other assets	85	96
Total restricted securitized assets	$ 3,703	$ 3,001

The components of consolidated secured borrowings and other liabilities related to securitizations at October 31 were as follows in millions of dollars:

	2012	2011
Short-term securitization borrowings	$ 3,575	$ 2,777
Accrued interest on borrowings	1	2
Total liabilities related to restricted securitized assets	$ 3,576	$ 2,779

The secured borrowings related to these restricted securitized retail notes are obligations that are payable as the retail notes are liquidated. Repayment of the secured borrowings depends primarily on cash flows generated by the restricted assets. Due to the company's short-term credit rating, cash collections from these restricted assets are not required to be placed into a segregated collection account until immediately prior to the time payment is required to the secured creditors. At October 31, 2012, the maximum remaining term of all securitized retail notes was approximately six years.

14. EQUIPMENT ON OPERATING LEASES

Operating leases arise primarily from the leasing of John Deere equipment to retail customers. Initial lease terms generally range from four to 60 months. Net equipment on operating leases totaled $2,528 million and $2,150 million at October 31, 2012 and 2011, respectively. The equipment is depreciated on a straight-line basis over the terms of the lease. The accumulated depreciation on this equipment was $499 million

and $478 million at October 31, 2012 and 2011, respectively. The corresponding depreciation expense was $339 million in 2012, $306 million in 2011 and $288 million in 2010.

Future payments to be received on operating leases totaled $1,067 million at October 31, 2012 and are scheduled in millions of dollars as follows: 2013 — $445, 2014 — $308, 2015 — $188, 2016 — $103 and 2017 — $23.

15. INVENTORIES

Most inventories owned by Deere & Company and its U.S. equipment subsidiaries are valued at cost, on the “last-in, first-out” (LIFO) basis. Remaining inventories are generally valued at the lower of cost, on the “first-in, first-out” (FIFO) basis, or market. The value of gross inventories on the LIFO basis represented 61 percent and 59 percent of worldwide gross inventories at FIFO value at October 31, 2012 and 2011, respectively. If all inventories had been valued on a FIFO basis, estimated inventories by major classification at October 31 in millions of dollars would have been as follows:

	2012	2011
Raw materials and supplies	$ 1,874	$ 1,626
Work-in-process	652	647
Finished goods and parts	4,065	3,584
Total FIFO value	6,591	5,857
Less adjustment to LIFO value	1,421	1,486
Inventories	$ 5,170	$ 4,371

16. PROPERTY AND DEPRECIATION

A summary of property and equipment at October 31 in millions of dollars follows:

	Useful Lives* (Years)	2012	2011
Equipment Operations			
Land		$ 137	$ 117
Buildings and building equipment	23	2,584	2,430
Machinery and equipment	11	4,393	4,254
Dies, patterns, tools, etc	8	1,330	1,213
All other	6	819	731
Construction in progress		938	649
Total at cost		10,201	9,394
Less accumulated depreciation		5,250	5,107
Total		4,951	4,287
Financial Services			
Land		4	4
Buildings and building equipment	27	70	71
All other	6	36	39
Total at cost		110	114
Less accumulated depreciation		49	49
Total		61	65
Property and equipment-net		$ 5,012	$ 4,352

* Weighted-averages

Total property and equipment additions in 2012, 2011 and 2010 were $1,376 million, $1,059 million and $802 million and depreciation was $555 million, $516 million and $540 million, respectively. Capitalized interest was $7 million, $8 million and $6 million in the same periods, respectively. The cost of leased property and equipment under capital leases of $47 million and $41 million and accumulated depreciation of $25 million and $23 million at October 31, 2012 and 2011, respectively, is included in property and equipment.

Capitalized software has an estimated useful life of three years. The amounts of total capitalized software costs, including purchased and internally developed software, classified as “Other Assets” at October 31, 2012 and 2011 were $684 million and $592 million, less accumulated amortization of $493 million and $451 million, respectively. Amortization of these software costs was $89 million in 2012, $73 million in 2011 and $68 million in 2010. The cost of leased software assets under capital leases amounting to $42 million and $40 million at October 31, 2012 and 2011, respectively, is included in other assets.

The cost of compliance with foreseeable environmental requirements has been accrued and did not have a material effect on the company’s consolidated financial statements.

17. GOODWILL AND OTHER INTANGIBLE ASSETS-NET

The changes in amounts of goodwill by operating segments were as follows in millions of dollars:

	Agriculture and Turf	Construction and Forestry	Total

Balance at October 31, 2010	$ 705	$ 610	$ 1,315
Less accumulated impairment losses	316		316
Net balance	389	610	999
Acquisitions	1		1
Translation adjustments and other	(5)	5	
Balance at October 31, 2011	701	615	1,316
Less accumulated impairment losses	316		316
Net balance	385	615	1,000
Impairment loss*	(33)		(33)
Translation adjustments and other	(15)	(31)	(46)
Balance at October 31, 2012	686	584	1,270
Less accumulated impairment losses	349		349
Goodwill	$ 337	$ 584	$ 921

* See Note 5.

The components of other intangible assets are as follows in millions of dollars:

	Useful Lives* (Years)	2012	2011
Amortized intangible assets:			
Customer lists and relationships	12	$ 99	$ 109
Technology, patents, trademarks and other	17	109	104
Total at cost		208	213
Less accumulated amortization**		107	90
Total		101	123
Unamortized intangible assets:			
Licenses		4	4
Other intangible assets-net		$ 105	$ 127

* Weighted-averages
** Accumulated amortization at 2012 and 2011 for customer lists and relationships was $60 million and $54 million and technology, patents, trademarks and other was $47 million and $36 million, respectively.

Other intangible assets are stated at cost less accumulated amortization. The amortization of other intangible assets in 2012, 2011 and 2010 was $21 million, $20 million and $18 million, respectively. The estimated amortization expense for the next five years is as follows in millions of dollars: 2013 — $18, 2014 — $16, 2015 — $15, 2016 — $14 and 2017 — $13.

18. TOTAL SHORT-TERM BORROWINGS

Total short-term borrowings at October 31 consisted of the following in millions of dollars:

	2012	2011
Equipment Operations		
Commercial paper	$ 146	$ 265
Notes payable to banks	84	19
Long-term borrowings due within one year	195	244
Total	425	528
Financial Services		
Commercial paper	1,061	1,014
Notes payable to banks	117	61
Long-term borrowings due within one year	4,790*	5,249*
Total	5,968	6,324
Short-term borrowings	6,393	6,852
Financial Services		
Short-term securitization borrowings	3,575	2,777
Total short-term borrowings	$ 9,968	$ 9,629

* Includes unamortized fair value adjustments related to interest rate swaps.

The short-term securitization borrowings for financial services are secured by financing receivables (retail notes) on the balance sheet (see Note 13). Although these securitization borrowings are classified as short-term since payment is required if the retail notes are liquidated early, the payment schedule for these borrowings of $3,575 million at October 31, 2012 based on the expected liquidation of the retail notes in millions of dollars is as follows: 2013 — $1,853, 2014 — $1,043, 2015 — $499, 2016 — $162, 2017 — $17 and 2018 — $1.

The weighted-average interest rates on total short-term borrowings, excluding current maturities of long-term borrowings, at October 31, 2012 and 2011 were 1.0 percent and 1.1 percent, respectively.

Lines of credit available from U.S. and foreign banks were $5,194 million at October 31, 2012. At October 31, 2012, $3,793 million of these worldwide lines of credit were unused. For the purpose of computing the unused credit lines, commercial paper and short-term bank borrowings, excluding secured borrowings and the current portion of long-term borrowings, were primarily considered to constitute utilization. Included in the above lines of credit were long-term credit facility agreements for $2,750 million, expiring in April 2015, and $1,500 million, expiring in April 2017. The agreements are mutually extendable and the annual facility fees are not significant. These credit agreements require Capital Corporation to maintain its consolidated ratio of earnings to fixed charges at not less than 1.05 to 1 for each fiscal quarter and the ratio of senior debt, excluding securitization indebtedness, to capital base (total subordinated debt and stockholder's equity excluding accumulated other comprehensive income (loss)) at not more than 11 to 1 at the end of any fiscal quarter. The credit agreements also require the equipment operations to maintain a ratio of total debt to total capital (total debt and stockholders' equity excluding accumulated other comprehensive income (loss)) of 65 percent or less at the end of each fiscal quarter. Under this provision, the company's excess equity capacity and retained earnings balance free of restriction at October 31, 2012 was $8,273 million. Alternatively under this provision, the equipment operations had the capacity to incur additional debt of $15,364 million at October 31, 2012. All of these requirements of the credit agreements have been met during the periods included in the consolidated financial statements.

Deere & Company has an agreement with Capital Corporation pursuant to which it has agreed to continue to own, directly or through one or more wholly-owned subsidiaries, at least 51 percent of the voting shares of capital stock of Capital Corporation and to maintain Capital Corporation's consolidated tangible net worth at not less than $50 million. This agreement also obligates Deere & Company to make payments to Capital Corporation such that its consolidated ratio of earnings to fixed charges is not less than 1.05 to 1 for each fiscal quarter. Deere & Company's obligations to make payments to Capital Corporation under the agreement are independent of whether Capital Corporation is in

default on its indebtedness, obligations or other liabilities. Further, Deere & Company's obligations under the agreement are not measured by the amount of Capital Corporation's indebtedness, obligations or other liabilities. Deere & Company's obligations to make payments under this agreement are expressly stated not to be a guaranty of any specific indebtedness, obligation or liability of Capital Corporation and are enforceable only by or in the name of Capital Corporation. No payments were required under this agreement during the periods included in the consolidated financial statements.

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19. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at October 31 consisted of the following in millions of dollars:

	2012	2011
Equipment Operations		
Accounts payable:		
Trade payables	$ 2,287	$ 2,163
Dividends payable	179	168
Other	147	99
Accrued expenses:		
Employee benefits	1,337	1,188
Product warranties	733	662
Dealer sales discounts	1,413	1,092
Other	1,583	1,497
Total	7,679	6,869
Financial Services		
Accounts payable:		
Deposits withheld from dealers and merchants	194	188
Other	505	324
Accrued expenses:		
Unearned revenue	452	345
Accrued interest	160	191
Employee benefits	69	68
Insurance claims reserve*	449	186
Other	301	246
Total	2,130	1,548
Eliminations**	820	612
Accounts payable and accrued expenses	$ 8,989	$ 7,805

* See Note 9.

** Primarily trade receivable valuation accounts which are reclassified as accrued expenses by the equipment operations as a result of their trade receivables being sold to financial services.

20. LONG-TERM BORROWINGS

Long-term borrowings at October 31 consisted of the following in millions of dollars:

	2012	2011
Equipment Operations		
Notes and debentures:		
6.95% notes due 2014: ($700 principal)	$ 718*	$ 736*
4.375% notes due 2019	750	750
8-1/2% debentures due 2022	105	105
2.60% notes due 2022	1,000	
6.55% debentures due 2028	200	200
5.375% notes due 2029	500	500
8.10% debentures due 2030	250	250
7.125% notes due 2031	300	300
3.90% notes due 2042	1,250	
Other notes	372	326
Total	5,445	3,167
Financial Services		
Notes and debentures:		
Medium-term notes due 2013 — 2023: (principal $15,242 - 2012, $11,911 - 2011) Average interest rates of 1.6% — 2012, 2.0% — 2011	15,737*	12,261*
5.10% debentures due 2013: ($650 principal) Swapped $450 in 2011 to variable interest rate of 1.1% — 2011		679*
2.75% senior note due 2022: ($500 principal) Swapped $500 in 2012 to variable interest rate of 1.1% — 2012	518*	
Other notes	753	853
Total	17,008	13,793
Long-term borrowings**	$ 22,453	$ 16,960

* Includes unamortized fair value adjustments related to interest rate swaps.
** All interest rates are as of year end.

The approximate principal amounts of the equipment operations' long-term borrowings maturing in each of the next five years in millions of dollars are as follows: 2013 — $195, 2014 — $778, 2015 — $240, 2016 — $23 and 2017 — $25. The approximate principal amounts of the financial services' long-term borrowings maturing in each of the next five years in millions of dollars are as follows: 2013 — $4,774, 2014 — $4,283, 2015 — $3,480, 2016 — $1,843 and 2017 — $2,651.

21. LEASES

At October 31, 2012, future minimum lease payments under capital leases amounted to $57 million as follows: 2013 — $28, 2014 — $17, 2015 — $4, 2016 — $2, 2017 — $2 and later years $4. Total rental expense for operating leases was $215 million in 2012, $175 million in 2011 and $189 million in 2010. At October 31, 2012, future minimum lease payments under operating leases amounted to $462 million as follows: 2013 — $148, 2014 — $108, 2015 — $74, 2016 — $45, 2017 — $30 and later years $57.

22. COMMITMENTS AND CONTINGENCIES

The company generally determines its warranty liability by applying historical claims rate experience to the estimated amount of equipment that has been sold and is still under warranty based on dealer inventories and retail sales. The historical claims rate is primarily determined by a review of five-year claims costs and current quality developments.

The premiums for the company's extended warranties are primarily recognized in income in proportion to the costs expected to be incurred over the contract period. The unamortized extended warranty premiums (deferred revenue) included in the following table totaled $292 million and $230 million at October 31, 2012 and 2011, respectively.

A reconciliation of the changes in the warranty liability and unearned premiums in millions of dollars follows:

	Warranty Liability/ Unearned Premiums 2012	2011
Beginning of year balance	$ 892	$ 762
Payments	(580)	(517)
Amortization of premiums received	(100)	(93)
Accruals for warranties	666	665
Premiums received	164	120
Foreign exchange	(17)	(45)
End of year balance	$ 1,025	$ 892

At October 31, 2012, the company had approximately $290 million of guarantees issued primarily to banks outside the U.S. related to third-party receivables for the retail financing of John Deere equipment. The company may recover a portion of any required payments incurred under these agreements from repossession of the equipment collateralizing the receivables. At October 31, 2012, the company had accrued losses of approximately $8 million under these agreements. The maximum remaining term of the receivables guaranteed at October 31, 2012 was approximately five years.

At October 31, 2012, the company had commitments of approximately $418 million for the construction and acquisition of property and equipment. At October 31, 2012, the company also had pledged or restricted assets of $129 million, primarily as collateral for borrowings. In addition, see Note 13 for restricted assets associated with borrowings related to securitizations.

The company also had other miscellaneous contingencies totaling approximately $50 million at October 31, 2012, for which it believes the probability for payment is substantially remote. The accrued liability for these contingencies was not material at October 31, 2012.

The company is subject to various unresolved legal actions which arise in the normal course of its business, the most prevalent of which relate to product liability (including asbestos related liability), retail credit, software licensing, patent, trademark and environmental matters. The company believes the reasonably possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its financial statements.

23. CAPITAL STOCK

Changes in the common stock account in millions were as follows:

	Number of Shares Issued	Amount
Balance at October 31, 2009	536.4	$ 2,996
Stock options and other		110
Balance at October 31, 2010	536.4	3,106
Stock options and other		146
Balance at October 31, 2011	536.4	3,252
Stock options and other		100
Balance at October 31, 2012	536.4	$ 3,352

The number of common shares the company is authorized to issue is 1,200 million. The number of authorized preferred shares, none of which has been issued, is nine million.

The Board of Directors at its meeting in May 2008 authorized the repurchase of up to $5,000 million of additional common stock (58.5 million shares based on the October 31, 2012 closing common stock price of $85.44 per share). At October 31, 2012, this repurchase program had $2,489 million (29.1 million shares at the same price) remaining to be repurchased. Repurchases of the company's common stock under this plan will be made from time to time, at the company's discretion, in the open market.

A reconciliation of basic and diluted net income per share attributable to Deere & Company follows in millions, except per share amounts:

	2012	2011	2010
Net income attributable to Deere & Company	$ 3,064.7	$ 2,799.9	$ 1,865.0
Less income allocable to participating securities	.8	1.0	.7
Income allocable to common stock	$ 3,063.9	$ 2,798.9	$ 1,864.3
Average shares outstanding	397.1	417.4	424.0
Basic per share	$ 7.72	$ 6.71	$ 4.40
Average shares outstanding	397.1	417.4	424.0
Effect of dilutive stock options	4.4	5.0	4.6
Total potential shares outstanding	401.5	422.4	428.6
Diluted per share	$ 7.63	$ 6.63	$ 4.35

All stock options outstanding were included in the computation during 2012, 2011 and 2010, except 1.8 million options in 2012, none in 2011 and 1.9 million options in 2010 that had an antidilutive effect under the treasury stock method.

24. STOCK OPTION AND RESTRICTED STOCK AWARDS

The company issues stock options and restricted stock awards to key employees under plans approved by stockholders. Restricted stock is also issued to nonemployee directors for their services as directors under a plan approved by stockholders. Options are awarded with the exercise price equal to the market price and become exercisable in one to three years after grant. Options expire ten years after the date of grant. Restricted stock awards generally vest after three years. The compensation cost for stock options, service based restricted stock units and market/service based restricted stock units, which is based on the fair value at the grant date, is recognized on a straight-line basis over the requisite period the employee is required to render service. The compensation cost for performance/service based units, which is based on the fair value at the grant date, is recognized over the employees' requisite service period and periodically adjusted for the probable number of shares to be awarded. According to these plans at October 31, 2012, the company is authorized to grant an additional 13.7 million shares related to stock options or restricted stock.

The fair value of each option award was estimated on the date of grant using a binomial lattice option valuation model. Expected volatilities are based on implied volatilities from traded call options on the company's stock. The expected volatilities are constructed from the following three components: the starting implied volatility of short-term call options traded within a few days of the valuation date; the predicted implied volatility of long-term call options; and the trend in implied volatilities over the span of the call options' time to maturity. The company uses historical data to estimate option exercise behavior and employee termination within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rates utilized for periods throughout the contractual life of the options are based on U.S. Treasury security yields at the time of grant.

The assumptions used for the binomial lattice model to determine the fair value of options follow:

	2012	2011	2010
Risk-free interest rate	.01% - 2.0%	.08% - 3.3%	.01% - 3.6%
Expected dividends	1.9%	1.9%	2.9%
Expected volatility	34.1% - 41.9%	34.4% - 34.6%	35.3% - 47.2%
Weighted-average volatility	33.6%	34.4%	35.6%
Expected term (in years)	6.8 - 7.8	6.8 - 7.8	6.6 - 7.7

Stock option activity at October 31, 2012 and changes during 2012 in millions of dollars and shares follow:

	Shares	Exercise Price*	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at beginning of year	16.9	$ 51.70		
Granted	2.5	74.24		
Exercised	(1.8)	33.33		
Expired or forfeited	(.2)	74.51		
Outstanding at end of year	17.4	56.78	5.96	$ 500.2
Exercisable at end of year	12.8	51.58	5.08	432.5

* Weighted-averages

The weighted-average grant-date fair values of options granted during 2012, 2011 and 2010 were $22.51, $25.61 and $15.71, respectively. The total intrinsic values of options exercised during 2012, 2011 and 2010 were $88 million, $231 million and $139 million, respectively. During 2012, 2011 and 2010, cash received from stock option exercises was $61 million, $170 million and $129 million with tax benefits of $33 million, $85 million and $51 million, respectively.

The company granted 266 thousand and 222 thousand restricted stock units to employees and nonemployee directors in 2012 and 2011, of which 122 thousand and 92 thousand are subject to service based only conditions, 72 thousand and 65 thousand are subject to performance/service based conditions and 72 thousand and 65 thousand are subject to market/service based conditions, respectively. The service based only units award one share of common stock for each unit at the end of the vesting period and include dividend equivalent payments. The performance/service based units are subject to a performance metric based on the company's compound annual revenue growth rate, compared to a benchmark group of companies over the vesting period. The market/service based units are subject to a market related metric based on total shareholder return, compared to the same benchmark group of companies over the vesting period. The performance/service based units and the market/service based units both award common stock in a range of zero to 200 percent for each unit granted based on the level of the metric achieved and do not include dividend equivalent payments over the vesting period. The weighted-average fair values of the service based only units at the grant dates during 2012 and 2011 were $75.27 and $81.90 per unit, respectively, based on the market price of a share of underlying common stock. The fair value of the performance/service based units at the grant date during 2012 and 2011 were $70.14 and $76.17 per unit, respectively, based on the market price of a share of underlying common stock excluding dividends. The fair value of the market/service based units at the grant date during 2012 and 2011 were $92.85 and $107.31 per unit, respectively, based on a lattice valuation model excluding dividends.

The company's nonvested restricted shares at October 31, 2012 and changes during 2012 in millions of shares follow:

	Shares	Grant-Date Fair Value*
Service based only		
Nonvested at beginning of year	.6	$ 49.91
Granted	.1	75.27
Vested	(.3)	41.59
Nonvested at end of year	.4	66.55
Performance/service and market/service based		
Nonvested at beginning of year	.1	$ 91.74
Granted	.2	81.50

Nonvested at end of year	.3	86.39

* Weighted-averages

During 2012, 2011 and 2010, the total share-based compensation expense was $75 million, $69 million and $71 million, respectively, with recognized income tax benefits of $28 million, $26 million and $26 million, respectively. At October 31, 2012, there was $36 million of total unrecognized compensation cost from share-based compensation arrangements granted under the plans, which is related to nonvested shares. This compensation is expected to be recognized over a weighted-average period of approximately two years. The total grant-date fair values of stock options and restricted shares vested during 2012, 2011 and 2010 were $76 million, $72 million and $71 million, respectively.

The company currently uses shares that have been repurchased through its stock repurchase programs to satisfy share option exercises. At October 31, 2012, the company had 149 million shares in treasury stock and 29 million shares remaining to be repurchased under its current publicly announced repurchase program (see Note 23).

25. OTHER COMPREHENSIVE INCOME ITEMS

Other comprehensive income items are transactions recorded stockholders' equity during the year, excluding net income and transactions with stockholders. Following are the items included in other comprehensive income (loss) for Deere & Company and the related tax effects in millions of dollars:

	Before Tax Amount	Tax (Expense) Credit	After Tax Amount
2010			
Retirement benefits adjustment:			
Net actuarial losses and prior service cost	$ (213)	$ 77	$ (136)
Reclassification of actuarial losses and prior service cost to net income	474	(180)	294
Net unrealized gain	261	(103)	158
Cumulative translation adjustment	49	(13)	36
Unrealized gain on derivatives:			
Hedging loss	(56)	19	(37)
Reclassification of realized loss to net income	79	(27)	52
Net unrealized gain	23	(8)	15
Unrealized holding gain and net unrealized gain on investments	8	(3)	5
Total other comprehensive income (loss)	$ 341	$ (127)	$ 214
2011			
Retirement benefits adjustment:			
Net actuarial losses and prior service cost	$ (989)	$ 368	$ (621)
Reclassification of actuarial losses and prior service cost to net income	450	(167)	283
Net unrealized loss	(539)	201	(338)
Cumulative translation adjustment	14	4	18
Unrealized gain on derivatives:			
Hedging gain	31	(11)	20
Reclassification of realized loss to net income	1		1
Net unrealized gain	32	(11)	21
Unrealized holding gain and net unrealized gain on investments	2	(1)	1
Total other comprehensive income (loss)	$ (491)	$ 193	$ (298)
2012			
Retirement benefits adjustment:			
Net actuarial losses and prior service cost	$ (1,341)	$ 477	$ (864)
Reclassification of actuarial losses and prior service cost to net income	380	(140)	240
Net unrealized loss	(961)	337	(624)
Cumulative translation adjustment	(272)	2	(270)
Unrealized loss on derivatives:			
Hedging loss	(61)	21	(40)
Reclassification of realized loss to net income	54	(19)	35
Net unrealized loss	(7)	2	(5)
Unrealized holding gain and net unrealized gain on investments	7	(2)	5
Total other comprehensive income (loss)	$ (1,233)	$ 339	$ (894)

26. FAIR VALUE MEASUREMENTS

The fair values of financial instruments that do not approximate the carrying values at October 31 in millions of dollars follow:

	2012		2011	
	Carrying Value	Fair Value*	Carrying Value	Fair Value
Financing receivables — net	$ 22,159	$ 22,244	$ 19,924	$ 19,919
Financing receivables securitized — net	$ 3,618	$ 3,615	$ 2,905	$ 2,907
Short-term securitization borrowings	$ 3,575	$ 3,584	$ 2,777	$ 2,789
Long-term borrowings due within one year:				
Equipment operations	$ 195	$ 194	$ 244	$ 233

Financial services	4,790	4,871	5,249	5,331
Total	$ 4,985	$ 5,065	$ 5,493	$ 5,564
Long-term borrowings:				
Equipment operations	$ 5,445	$ 6,237	$ 3,167	$ 3,771
Financial services	17,008	17,438	13,793	14,154
Total	$ 22,453	$ 23,675	$ 16,960	$ 17,925

* Fair value measurements above were Level 3 for all financing receivables and Level 2 for all borrowings.

Fair values of the financing receivables that were issued long-term were based on the discounted values of their related cash flows at interest rates currently being offered by the company for similar financing receivables. The fair values of the remaining financing receivables approximated the carrying amounts.

Fair values of long-term borrowings and short-term securitization borrowings were based on current market quotes for identical or similar borrowings and credit risk, or on the discounted values of their related cash flows at current market

interest rates. Certain long-term borrowings have been swapped to current variable interest rates. The carrying values of these long-term borrowings included adjustments related to fair value hedges.

Assets and liabilities measured at October 31 at fair value on a recurring basis in millions of dollars follow:

	2012*	2011*
Marketable securities		
U.S. government debt securities	$ 1,200	$ 576
Municipal debt securities	38	36
Corporate debt securities	110	89
Mortgage-backed securities**	122	86
Total marketable securities	1,470	787
Other assets		
Derivatives:		
Interest rate contracts	609	471
Foreign exchange contracts	17	12
Cross-currency interest rate contracts	11	2
Total assets***	$ 2,107	$ 1,272
Accounts payable and accrued expenses		
Derivatives:		
Interest rate contracts	$ 72	$ 61
Foreign exchange contracts	18	100
Cross-currency interest rate contracts	59	7
Total liabilities	$ 149	$ 168

* All measurements above were Level 2 measurements except for Level 1 measurements of U.S. government debt securities of $1,139 million and $540 million at October 31, 2012 and 2011, respectively.

** Primarily issued by U.S. government sponsored enterprises.

*** Excluded from this table are cash equivalents, which are carried at cost that approximates fair value. The cash equivalents consist primarily of money market funds.

Fair value, nonrecurring, Level 3 measurements at October 31 in millions of dollars follow:

	Fair Value*		Losses		
	2012	2011	2012	2011	2010
Financing receivables**		$ 5	$ 1		$ 5
Goodwill			$ 33		$ 27
Property and equipment held for sale***					$ 35

* Does not include cost to sell.

** Primarily wholesale notes and operating loans.

*** See Note 4.

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the company uses various methods including market and income approaches. The company utilizes valuation models and techniques that maximize the use of observable inputs. The models are industry-standard models that consider various assumptions including time values and yield curves as well as other economic measures. These valuation techniques are consistently applied.

The following is a description of the valuation methodologies the company uses to measure certain financial instruments on the balance sheet and nonmonetary assets at fair value:

Marketable Securities — The portfolio of investments is primarily valued on a market approach (matrix pricing model) in which all significant inputs are observable or can be derived from or corroborated by observable market data such as interest rates, yield curves, volatilities, credit risk and prepayment speeds.

Derivatives — The company's derivative financial instruments consist of interest rate swaps and caps, foreign currency forwards and swaps and cross-currency interest rate swaps. The portfolio is valued based on an income approach (discounted cash flow) using market observable

inputs, including swap curves and both forward and spot exchange rates for currencies.

Financing Receivables — Specific reserve impairments are based on the fair value of the collateral, which is measured using a market approach (appraisal values or realizable values). Inputs include a selection of realizable values.

Goodwill — The impairment of goodwill is based on the implied fair value measured as the difference between the fair value of the reporting unit and the fair value of the unit's identifiable net assets. An estimate of the fair value of the reporting unit is determined by an income approach (discounted cash flows), which includes inputs such as interest rates.

Property and Equipment Held for Sale — The impairment of long-lived assets held for sale is measured at the lower of the carrying amount, or fair value less cost to sell. Fair value is based on the probable sale price. The inputs include estimates of final sale price adjustments.

27. DERIVATIVE INSTRUMENTS

Certain of the company's derivative agreements contain credit support provisions that require the company to post collateral based on reductions in credit ratings. The aggregate fair value of all derivatives with credit-risk-related contingent features that were in a liability position at October 31, 2012 and 2011 was $32 million and $23 million, respectively. The company, due to its credit rating and amounts of net liability position, has not posted any collateral. If the credit-risk-related contingent features were triggered, the company would be required to post full collateral for any liability position, prior to considering applicable netting provisions.

Derivative instruments are subject to significant concentrations of credit risk to the banking sector. The company manages individual counterparty exposure by setting limits that consider the credit rating of the counterparty and the size of other financial commitments and exposures between the company and the counterparty banks. All interest rate derivatives are transacted under International Swaps and Derivatives Association (ISDA) documentation. Some of these agreements include credit support provisions. Each master agreement permits the net settlement of amounts owed in the event of default. The maximum amount of loss that the company would incur if counterparties to derivative instruments fail to meet their obligations, not considering collateral received or netting arrangements, was $637 million and $485 million as of October 31, 2012 and 2011, respectively. The amount of collateral received at October 31, 2012 and 2011 to offset this potential maximum loss was $102 million and $25 million, respectively. The netting provisions of the agreements would reduce the maximum amount of loss the company would incur if the counterparties to derivative instruments fail to meet their obligations by an additional $92 million and $59 million as of October 31, 2012 and 2011, respectively. None of the concentrations of risk with any individual counterparty was considered significant at October 31, 2012 and 2011.

Cash Flow Hedges

Certain interest rate and cross-currency interest rate contracts (swaps) were designated as hedges of future cash flows from borrowings. The total notional amounts of the receive-variable/pay-fixed interest rate contracts at October 31, 2012 and 2011 were $2,850 million and $1,350 million, respectively. The total notional amounts of the cross-currency interest rate contracts were $923 million and $853 million at October 31, 2012 and 2011, respectively. The effective portions of the fair value gains or losses on these cash flow hedges were recorded in other comprehensive income (OCI) and subsequently reclassified into interest expense or other operating expenses (foreign exchange) in the same periods during which the hedged transactions affected earnings. These amounts offset the effects of interest rate or foreign currency exchange rate changes on the related borrowings. Any ineffective portions of the gains or losses on all cash flow interest rate contracts designated as cash flow hedges were recognized currently in interest expense or other operating expenses (foreign exchange) and were not material during any years presented. The cash flows from these contracts were recorded in operating activities in the statement of consolidated cash flows.

The amount of loss recorded in OCI at October 31, 2012 that is expected to be reclassified to interest expense or other operating expenses in the next twelve months if interest rates or exchange rates remain unchanged is approximately $10 million after-tax. These contracts mature in up to 71 months. There were no gains or losses reclassified from OCI to earnings based on the probability that the original forecasted transaction would not occur.

Fair Value Hedges

Certain interest rate contracts (swaps) were designated as fair value hedges of borrowings. The total notional amounts of the receive-fixed/pay-variable interest rate contracts at October 31, 2012 and 2011 were $9,266 million and $7,730 million, respectively. The effective portions of the fair value gains or losses on these contracts were offset by fair value gains or losses on the hedged items (fixed-rate borrowings). Any ineffective portions of the gains or losses were recognized currently in interest expense. The ineffective portions were a loss of $2 million in 2012 and a loss of $5 million in 2011. The cash flows from these contracts were recorded in operating activities in the statement of consolidated cash flows.

The gains (losses) on these contracts and the underlying borrowings recorded in interest expense follow in millions of dollars:

	2012	2011
Interest rate contracts*	$ 180	$ 16
Borrowings**	(182)	(21)

* Includes changes in fair values of interest rate contracts excluding net accrued interest income of $155 million and $172 million during 2012 and 2011, respectively.

** Includes adjustments for fair values of hedged borrowings excluding accrued interest expense of $282 million and $277 million during 2012 and 2011, respectively.

Derivatives Not Designated as Hedging Instruments

The company has certain interest rate contracts (swaps and caps), foreign exchange contracts (forwards and swaps) and cross-currency interest rate contracts (swaps), which were not formally designated as hedges. These derivatives were held as economic hedges for underlying interest rate or foreign currency exposures primarily for certain borrowings and purchases or sales of inventory. The total notional amounts of the interest rate swaps at October 31, 2012 and 2011 were $4,400 million and $3,216 million, the foreign exchange contracts were $3,999 million and $3,058 million and the cross-currency interest rate contracts were $78 million and $52 million, respectively. At October 31, 2012 and 2011, there were also $1,445 million and $1,402 million, respectively, of interest rate caps purchased and the same amounts sold at the same capped interest rate to facilitate borrowings through securitization of retail notes. The fair value gains or losses from the interest rate contracts were recognized currently in interest expense and the gains or losses from foreign exchange contracts in cost of sales or other operating expenses, generally offsetting over time the expenses on the exposures being hedged. The cash flows from these non-designated contracts were recorded in operating activities in the statement of consolidated cash flows.

Fair values of derivative instruments in the consolidated balance sheet at October 31 in millions of dollars follow:

	2012	2011
Other Assets		
Designated as hedging instruments:		
Interest rate contracts	$ 536	$ 404
Cross-currency interest rate contracts	10	
Total designated	546	404
Not designated as hedging instruments:		
Interest rate contracts	73	67
Foreign exchange contracts	17	12
Cross-currency interest rate contracts	1	2
Total not designated	91	81
Total derivatives	$ 637	$ 485
Accounts Payable and Accrued Expenses		
Designated as hedging instruments:		
Interest rate contracts	$ 12	$ 13
Cross-currency interest rate contracts	58	7
Total designated	70	20
Not designated as hedging instruments:		
Interest rate contracts	60	48
Foreign exchange contracts	18	100
Cross-currency interest rate contracts	1	
Total not designated	79	148
Total derivatives	$ 149	$ 168

The classification and gains (losses) including accrued interest expense related to derivative instruments on the statement of consolidated income consisted of the following in millions of dollars:

	2012	2011	2010
Fair Value Hedges			
Interest rate contracts — Interest expense	$ 335	$ 188	$ 372
Cash Flow Hedges			
Recognized in OCI			
(Effective Portion):			
Interest rate contracts — OCI (pretax)*	(28)	(5)	(14)
Foreign exchange contracts — OCI (pretax)*	(33)	36	(42)
Reclassified from OCI			
(Effective Portion):			
Interest rate contracts — Interest expense*	(16)	(20)	(68)
Foreign exchange contracts — Other expense*	(38)	19	(11)
Recognized Directly in Income			
(Ineffective Portion)	**	**	**
Not Designated as Hedges			
Interest rate contracts — Interest expense*	$ (13)	$ (1)	$ 25
Foreign exchange contracts — Cost of sales	(12)	(51)	(19)
Foreign exchange contracts — Other expense*	7	(127)	(92)
Total not designated	$ (18)	$ (179)	$ (86)

* Includes interest and foreign exchange gains (losses) from cross-currency interest rate contracts.
** The amounts are not significant.

28. SEGMENT AND GEOGRAPHIC AREA DATA FOR THE YEARS ENDED OCTOBER 31, 2012, 2011 AND 2010

The company's operations are presently organized and reported in three major business segments described as follows:

The agriculture and turf segment primarily manufactures and distributes a full line of agriculture and turf equipment and related service parts — including large, medium and utility tractors; loaders; combines, corn pickers, cotton and sugarcane harvesters and related front-end equipment and sugarcane loaders; tillage, seeding and application equipment, including sprayers, nutrient management and soil preparation machinery; hay and forage equipment, including self-propelled forage harvesters and attachments, balers and mowers; turf and utility equipment, including riding lawn equipment and walk-behind mowers, golf course equipment, utility vehicles, and commercial mowing equipment, along with a broad line of associated implements; integrated agricultural management systems technology; precision agricultural irrigation equipment and supplies; landscape and nursery products; and other outdoor power products.

The construction and forestry segment primarily manufactures and distributes a broad range of machines and service parts used in construction, earthmoving, material handling and timber harvesting — including backhoe loaders; crawler dozers and loaders; four-wheel-drive loaders; excavators; motor graders; articulated dump trucks; landscape loaders; skid-steer loaders; and log skidders, feller bunchers, log loaders, log forwarders, log harvesters and related attachments.

The products and services produced by the segments above are marketed primarily through independent retail dealer networks and major retail outlets.

The financial services segment primarily finances sales and leases by John Deere dealers of new and used agriculture and turf equipment and construction and forestry equipment. In addition, the financial services segment provides wholesale financing to dealers of the foregoing equipment, finances retail revolving charge accounts and operating loans and offers crop risk mitigation products and extended equipment warranties.

Because of integrated manufacturing operations and common administrative and marketing support, a substantial number of allocations must be made to determine operating segment and geographic area data. Intersegment sales and revenues represent sales of components and finance charges, which are generally based on market prices.

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Information relating to operations by operating segment in millions of dollars follows. In addition to the following unaffiliated sales and revenues by segment, intersegment sales and revenues in 2012, 2011 and 2010 were as follows: agriculture and turf net sales of $84 million, $98 million and $59 million, construction and forestry net sales of $1 million, $3 million and $7 million, and financial services revenues of $219 million, $210 million and $224 million, respectively.

OPERATING SEGMENTS	2012	2011	2010
Net sales and revenues			
Unaffiliated customers:			
Agriculture and turf net sales	$ 27,123	$ 24,094	$ 19,868
Construction and forestry net sales	6,378	5,372	3,705
Total net sales	33,501	29,466	23,573
Financial services revenues	2,235	2,163	2,074
Other revenues*	421	384	358
Total	$ 36,157	$ 32,013	$ 26,005

* Other revenues are primarily the equipment operations' revenues for finance and interest income, and other income as disclosed in Note 31, net of certain intercompany eliminations.

	2012	2011	2010
Operating profit			
Agriculture and turf	$ 3,921	$ 3,447	$ 2,790
Construction and forestry	476	392	119
Financial services*	712	725	499
Total operating profit	5,109	4,564	3,408
Interest income	43	47	42
Investment income	2		
Interest expense	(231)	(191)	(184)
Foreign exchange losses from equipment operations' financing activities	(11)	(11)	(30)
Corporate expenses — net	(181)	(177)	(200)
Income taxes	(1,659)	(1,424)	(1,162)
Total	(2,037)	(1,756)	(1,534)
Net income	3,072	2,808	1,874
Less: Net income attributable to noncontrolling interests	7	8	9
Net income attributable to Deere & Company	$ 3,065	$ 2,800	$ 1,865

* Operating profit of the financial services business segment includes the effect of its interest expense and foreign exchange gains or losses.

	2012	2011	2010
Interest income*			
Agriculture and turf	$ 29	$ 23	$ 20
Construction and forestry	2	3	3
Financial services	1,610	1,581	1,528
Corporate	43	47	42
Intercompany	(248)	(231)	(229)
Total	$ 1,436	$ 1,423	$ 1,364

* Does not include finance rental income for equipment on operating leases.

	2012	2011	2010
Interest expense			
Agriculture and turf	$ 168	$ 152	$ 165
Construction and forestry	36	26	21
Financial services	596	621	670
Corporate	231	191	184
Intercompany	(248)	(231)	(229)
Total	$ 783	$ 759	$ 811

	2012	2011	2010
Depreciation* and amortization expense			
Agriculture and turf	$ 550	$ 505	$ 470
Construction and forestry	93	82	79
Financial services	361	328	366
Total	$ 1,004	$ 915	$ 915

* Includes depreciation for equipment on operating leases.

Equity in income (loss) of unconsolidated affiliates			
Agriculture and turf	$ (2)	$ 5	$ 13
Construction and forestry	(2)	3	(3)
Financial services	1	1	1
Total	$ (3)	$ 9	$ 11

Identifiable operating assets			
Agriculture and turf	$ 10,429	$ 9,178	$ 7,593
Construction and forestry	3,365	2,915	2,353
Financial services	34,495	29,795	27,507
Corporate*	7,977	6,319	5,814
Total	$ 56,266	$ 48,207	$ 43,267

* Corporate assets are primarily the equipment operations' retirement benefits, deferred income tax assets, marketable securities and cash and cash equivalents as disclosed in Note 31, net of certain intercompany eliminations.

Capital additions			
Agriculture and turf	$ 1,145	$ 909	$ 729
Construction and forestry	228	148	73
Financial services	3	2	
Total	$ 1,376	$ 1,059	$ 802

Investments in unconsolidated affiliates			
Agriculture and turf	$ 32	$ 35	$ 66
Construction and forestry	174	159	172
Financial services	9	8	7
Total	$ 215	$ 202	$ 245

The company views and has historically disclosed its operations as consisting of two geographic areas, the U.S. and Canada, and outside the U.S. and Canada, shown below in millions of dollars. No individual foreign country's net sales and revenues were material for disclosure purposes.

GEOGRAPHIC AREAS	2012	2011	2010
Net sales and revenues			
Unaffiliated customers:			
U.S. and Canada:			
Equipment operations net sales (87%)*	$ 20,807	$ 17,357	$ 14,794
Financial services revenues (79%)*	1,930	1,857	1,817
Total	22,737	19,214	16,611
Outside U.S. and Canada:			
Equipment operations net sales	12,694	12,109	8,779
Financial services revenues	305	306	257
Total	12,999	12,415	9,036
Other revenues	421	384	358
Total	$ 36,157	$ 32,013	$ 26,005

* The percentages indicate the approximate proportion of each amount that relates to the U.S. only and are based upon a three-year average for 2012, 2011 and 2010.

	2012	2011	2010
Operating profit			
U.S. and Canada:			
Equipment operations	$ 3,836	$ 2,898	$ 2,302
Financial services	566	593	400
Total	4,402	3,491	2,702
Outside U.S. and Canada:			
Equipment operations	561	941	607
Financial services	146	132	99
Total	707	1,073	706
Total	$ 5,109	$ 4,564	$ 3,408
Property and equipment			
U.S.	$ 2,742	$ 2,329	$ 2,035
Germany	568	572	489
Other countries	1,702	1,451	1,267
Total	$ 5,012	$ 4,352	$ 3,791

29. SUPPLEMENTAL INFORMATION (UNAUDITED)

Common stock per share sales prices from New York Stock Exchange composite transactions quotations follow:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012 Market price				
High	$ 87.99	$ 89.05	$ 83.43	$ 86.86
Low	$ 71.92	$ 76.51	$ 70.59	$ 73.81
2011 Market price				
High	$ 90.99	$ 99.24	$ 97.39	$ 80.82
Low	$ 74.70	$ 86.91	$ 78.51	$ 61.72

At October 31, 2012, there were 25,669 holders of record of the company's $1 par value common stock.

Quarterly information with respect to net sales and revenues and earnings is shown in the following schedule. The company's fiscal year ends in October and its interim periods (quarters) end in January, April and July. Such information is shown in millions of dollars except for per share amounts.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012*				
Net sales and revenues	$ 6,766	$ 10,009	$ 9,590	$ 9,792
Net sales	6,119	9,405	8,930	9,047
Gross profit	1,543	2,570	2,174	2,206
Income before income taxes	800	1,597	1,215	1,122
Net income attributable to Deere & Company	533	1,056	788	688

Per share data:				
Basic	1.32	2.64	2.00	1.76
Diluted	1.30	2.61	1.98	1.75
Dividends declared	.41	.46	.46	.46
Dividends paid	.41	.41	.46	.46
2011				
Net sales and revenues	$ 6,119	$ 8,910	$ 8,372	$ 8,612
Net sales	5,514	8,327	7,722	7,903
Gross profit	1,420	2,221	1,929	1,977
Income before income taxes	746	1,341	1,079	1,057
Net income attributable to Deere & Company	514	904	712	670
Per share data:				
Basic	1.22	2.15	1.71	1.63
Diluted	1.20	2.12	1.69	1.62
Dividends declared	.35	.35	.41	.41
Dividends paid	.30	.35	.35	.41

Net income per share for each quarter must be computed independently. As a result, their sum may not equal the total net income per share for the year.

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* See Note 5 for "Special Item."

30. SUBSEQUENT EVENT

A quarterly dividend of $.46 per share was declared at the Board of Directors meeting on December 5, 2012, payable on February 1, 2013 to stockholders of record on December 31, 2012.

31. SUPPLEMENTAL CONSOLIDATING DATA

INCOME STATEMENT
For the Years Ended October 31, 2012, 2011 and 2010
(In millions of dollars)

	EQUIPMENT OPERATIONS*			FINANCIAL SERVICES		
	2012	2011	2010	2012	2011	2010
Net Sales and Revenues						
Net sales	$ 33,500.9	$ 29,466.1	$ 23,573.2			
Finance and interest income	74.0	73.3	64.8	$ 2,155.7	$ 2,080.8	$ 1,975.1
Other income	493.2	455.5	386.2	298.8	292.5	322.5
Total	34,068.1	29,994.9	24,024.2	2,454.5	2,373.3	2,297.6
Costs and Expenses						
Cost of sales	25,009.2	21,920.7	17,400.3			
Research and development expenses	1,433.6	1,226.2	1,052.4			
Selling, administrative and general expenses	2,988.8	2,786.6	2,496.0	439.3	394.4	482.9
Interest expense	231.1	191.4	184.1	596.4	621.0	670.1
Interest compensation to Financial Services	203.6	178.5	186.3			
Other operating expenses	178.1	192.5	177.9	708.1	634.2	646.7
Total	30,044.4	26,495.9	21,497.0	1,743.8	1,649.6	1,799.7
Income of Consolidated Group before Income Taxes	4,023.7	3,499.0	2,527.2	710.7	723.7	497.9
Provision for income taxes	1,407.6	1,169.6	1,035.2	251.8	253.9	126.4
Income of Consolidated Group	2,616.1	2,329.4	1,492.0	458.9	469.8	371.5
Equity in Income (Loss) of Unconsolidated Subsidiaries and Affiliates						
Financial Services	460.3	471.0	372.5	1.4	1.2	.9
Other	(4.8)	7.4	9.9			
Total	455.5	478.4	382.4	1.4	1.2	.9
Net Income	3,071.6	2,807.8	1,874.4	460.3	471.0	372.4
Less: Net income (loss) attributable to noncontrolling interests	6.9	7.9	9.4			(.1)
Net Income Attributable to Deere & Company	$ 3,064.7	$ 2,799.9	$ 1,865.0	$ 460.3	$ 471.0	$ 372.5

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The “Equipment Operations” reflect the basis of consolidation described in Note 1 to the consolidated financial statements. The consolidated group data in the “Equipment Operations” income statement reflect the results of the agriculture and turf operations and construction and forestry operations. Transactions between the “Equipment Operations” and “Financial Services” have been eliminated to arrive at the consolidated financial statements.

31. SUPPLEMENTAL CONSOLIDATING DATA (continued)

BALANCE SHEET
As of October 31, 2012 and 2011
(In millions of dollars except per share amounts)

	EQUIPMENT OPERATIONS*		FINANCIAL SERVICES	
	2012	2011	2012	2011
ASSETS				
Cash and cash equivalents	$ 3,907.9	$ 3,187.5	$ 744.3	$ 459.7
Marketable securities	1,101.5	502.6	368.9	284.7
Receivables from unconsolidated subsidiaries and affiliates	1,579.0	1,713.4		
Trade accounts and notes receivable - net	1,279.7	1,093.9	3,333.3	2,807.2
Financing receivables - net	11.5	14.0	22,147.5	19,909.5
Financing receivables securitized - net			3,617.6	2,905.0
Other receivables	1,092.4	965.6	703.6	370.1
Equipment on operating leases - net			2,527.8	2,150.0
Inventories	5,170.0	4,370.6		
Property and equipment - net	4,950.5	4,287.5	61.4	64.9
Investments in unconsolidated subsidiaries and affiliates	4,102.4	3,473.9	8.7	8.1
Goodwill	921.2	999.8		
Other intangible assets - net	101.0	123.4	4.0	4.0
Retirement benefits	14.9	29.6	44.6	28.0
Deferred income taxes	3,497.3	3,052.8	50.3	91.2
Other assets	582.9	468.6	883.5	712.6
Total Assets	$ 28,312.2	$ 24,283.2	$ 34,495.5	$ 29,795.0
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Short-term borrowings	$ 424.8	$ 528.5	$ 5,967.7	$ 6,323.8
Short-term securitization borrowings			3,574.8	2,777.4
Payables to unconsolidated subsidiaries and affiliates	135.2	117.7	1,519.3	1,665.5
Accounts payable and accrued expenses	7,679.0	6,869.3	2,129.9	1,547.8
Deferred income taxes	93.3	99.0	338.3	354.7
Long-term borrowings	5,444.9	3,167.1	17,008.2	13,792.8
Retirement benefits and other liabilities	7,673.0	6,686.7	61.2	52.6
Total liabilities	21,450.2	17,468.3	30,599.4	26,514.6
Commitments and contingencies (Note 22)				
STOCKHOLDERS' EQUITY				
Common stock, $1 par value (authorized — 1,200,000,000 shares; issued — 536,431,204 shares in 2012 and 2011), at paid-in amount	3,352.2	3,251.7	1,834.7	1,570.6
Common stock in treasury, 148,625,875 shares in 2012 and 130,361,345 shares in 2011, at cost	(8,813.8)	(7,292.8)		
Retained earnings	16,875.2	14,519.4	1,958.3	1,541.5
Accumulated other comprehensive income (loss):				
Retirement benefits adjustment	(4,759.0)	(4,135.4)		
Cumulative translation adjustment	184.1	453.8	98.3	164.7
Unrealized loss on derivatives	(13.4)	(8.3)	(11.6)	(8.3)
Unrealized gain on investments	16.8	11.9	16.4	11.9
Accumulated other comprehensive income (loss)	(4,571.5)	(3,678.0)	103.1	168.3
Total Deere & Company stockholders' equity	6,842.1	6,800.3	3,896.1	3,280.4
Noncontrolling interests	19.9	14.6		
Total stockholders' equity	6,862.0	6,814.9	3,896.1	3,280.4
Total Liabilities and Stockholders' Equity	$ 28,312.2	$ 24,283.2	$ 34,495.5	$ 29,795.0

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The "Equipment Operations" reflect the basis of consolidation described in Note 1 to the consolidated financial statements. Transactions between the "Equipment Operations" and "Financial Services" have been eliminated to arrive at the consolidated financial statements.

31. SUPPLEMENTAL CONSOLIDATING DATA (continued)

STATEMENT OF CASH FLOWS
For the Years Ended October 31, 2012, 2011 and 2010
(In millions of dollars)

	EQUIPMENT OPERATIONS*			FINANCIAL SERVICES		
	2012	2011	2010	2012	2011	2010
Cash Flows from Operating Activities						
Net income	$ 3,071.6	$ 2,807.8	$ 1,874.4	$ 460.3	$ 471.0	$ 372.4
Adjustments to reconcile net income to net cash provided by operating activities:						
Provision (credit) for doubtful receivables	6.0	4.5	6.3	(.9)	9.0	100.1
Provision for depreciation and amortization	643.1	587.0	548.7	439.2	401.5	424.6
Goodwill impairment charges	33.4		27.2			
Undistributed earnings of unconsolidated subsidiaries and affiliates	(413.7)	(118.8)	(156.7)	(1.3)	(1.0)	(.9)
Provision (credit) for deferred income taxes	(115.7)	(278.3)	74.8	23.9	110.2	100.2
Changes in assets and liabilities:						
Trade receivables	(255.0)	(109.5)	(333.0)			
Insurance receivables				(338.5)	(300.1)	
Inventories	(947.6)	(1,281.8)	(647.7)			
Accounts payable and accrued expenses	887.0	1,027.0	1,062.9	382.1	351.3	5.7
Accrued income taxes payable/receivable	(102.7)	45.3	6.5	30.4	(44.1)	15.6
Retirement benefits	71.2	483.2	(140.1)	(7.9)	12.1	(14.0)
Other	70.5	(168.0)	221.6	(109.9)	55.1	270.5
Net cash provided by operating activities	2,948.1	2,998.4	2,544.9	877.4	1,065.0	1,274.2
Cash Flows from Investing Activities						
Collections of receivables (excluding trade and wholesale)				14,320.7	13,333.1	12,287.7
Proceeds from maturities and sales of marketable securities	200.1	.3		40.2	32.2	38.4
Proceeds from sales of equipment on operating leases				799.5	683.4	621.9
Government grants related to property and equipment						92.3
Proceeds from sales of businesses, net of cash sold	30.2	911.1	34.9			
Cost of receivables acquired (excluding trade and wholesale)				(16,730.2)	(15,365.9)	(13,681.6)
Purchases of marketable securities	(802.2)	(503.1)		(120.0)	(83.8)	(63.4)
Purchases of property and equipment	(1,316.2)	(1,054.3)	(735.5)	(3.1)	(2.4)	(26.2)
Cost of equipment on operating leases acquired				(1,562.0)	(1,230.5)	(1,098.4)
Increase in investment in Financial Services	(264.1)	(69.0)	(43.8)			
Acquisitions of businesses, net of cash acquired		(60.8)	(37.2)			(8.3)
Increase in trade and wholesale receivables				(1,518.5)	(561.8)	(838.8)
Other	(95.6)	(79.5)	(32.9)	138.8	(35.7)	18.3
Net cash used for investing activities	(2,247.8)	(855.3)	(814.5)	(4,634.6)	(3,231.4)	(2,658.1)
Cash Flows from Financing Activities						
Increase (decrease) in total short-term borrowings	(36.4)	230.8	(127.9)	931.3	(456.9)	883.9
Change in intercompany receivables/payables	45.5	(552.6)	(1,229.9)	(45.5)	552.6	1,229.9
Proceeds from long-term borrowings	2,521.5	69.0	305.0	8,120.5	5,586.0	2,316.0
Payments of long-term borrowings	(220.1)	(11.5)	(311.5)	(5,175.9)	(3,209.3)	(3,364.2)
Proceeds from issuance of common stock	61.0	170.0	129.1			
Repurchases of common stock	(1,587.7)	(1,667.0)	(358.8)			
Capital investment from Equipment Operations				264.1	69.0	43.8
Dividends paid	(697.9)	(593.1)	(483.5)	(43.5)	(340.1)	(217.2)
Excess tax benefits from share-based compensation	30.1	70.1	43.5			
Other	(32.7)	(17.3)	(20.7)	(33.6)	(31.2)	(20.6)
Net cash provided by (used for) financing activities	83.3	(2,301.6)	(2,054.7)	4,017.4	2,170.1	871.6
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(63.2)	(2.3)	(17.2)	24.4	13.7	(7.3)
Net Increase (Decrease) in Cash and Cash Equivalents	720.4	(160.8)	(341.5)	284.6	17.4	(519.6)
Cash and Cash Equivalents at Beginning of Year	3,187.5	3,348.3	3,689.8	459.7	442.3	961.9

Cash and Cash Equivalents at End of Year	$ 3,907.9	$ 3,187.5	$ 3,348.3	$ 744.3	$ 459.7	$ 442.3

* Deere & Company with Financial Services on the equity basis.

The supplemental consolidating data is presented for informational purposes. The “Equipment Operations” reflect the basis of consolidation described in Note 1 to the consolidated financial statements. Transactions between the “Equipment Operations” and “Financial Services” have been eliminated to arrive at the consolidated financial statements.

DEERE & COMPANY
SELECTED FINANCIAL DATA
(Dollars in millions except per share amounts)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net sales and revenues	$ 36,157	$ 32,013	$ 26,005	$ 23,112	$ 28,438	$ 24,082	$ 22,148	$ 21,191	$ 19,204	$ 14,856
Net sales	33,501	29,466	23,573	20,756	25,803	21,489	19,884	19,401	17,673	13,349
Finance and interest income	1,981	1,923	1,825	1,842	2,068	2,055	1,777	1,440	1,196	1,276
Research and development expenses	1,434	1,226	1,052	977	943	817	726	677	612	577
Selling, administrative and general expenses	3,417	3,169	2,969	2,781	2,960	2,621	2,324	2,086	1,984	1,623
Interest expense	783	759	811	1,042	1,137	1,151	1,018	761	592	629
Income from continuing operations*	3,065	2,800	1,865	873	2,053	1,822	1,453	1,414	1,398	620
Net income*	3,065	2,800	1,865	873	2,053	1,822	1,694	1,447	1,406	643
Return on net sales	9.1%	9.5%	7.9%	4.2%	8.0%	8.5%	8.5%	7.5%	8.0%	4.8%
Return on beginning Deere & Company stockholders' equity	45.1%	44.5%	38.7%	13.4%	28.7%	24.3%	24.7%	22.6%	35.1%	20.3%
Income per share from continuing operations — basic*	$ 7.72	$ 6.71	$ 4.40	$ 2.07	$ 4.76	$ 4.05	$ 3.11	$ 2.90	$ 2.82	$ 1.29
— diluted*	7.63	6.63	4.35	2.06	4.70	4.00	3.08	2.87	2.76	1.27
Net income per share — basic*	7.72	6.71	4.40	2.07	4.76	4.05	3.63	2.97	2.84	1.34
— diluted*	7.63	6.63	4.35	2.06	4.70	4.00	3.59	2.94	2.78	1.32
Dividends declared per share	1.79	1.52	1.16	1.12	1.06	.91	.78	.60 1/2	.53	.44
Dividends paid per share	1.74	1.41	1.14	1.12	1.03	.85 1/2	.74	.59	.50	.44
Average number of common shares outstanding (in millions) — basic	397.1	417.4	424.0	422.8	431.1	449.3	466.8	486.6	494.5	480.4
— diluted	401.5	422.4	428.6	424.4	436.3	455.0	471.6	492.9	506.2	486.7
Total assets	$ 56,266	$ 48,207	$ 43,267	$ 41,133	$ 38,735	$ 38,576	$ 34,720	$ 33,637	$ 28,754	$ 26,258
Trade accounts and notes receivable — net	3,799	3,295	3,464	2,617	3,235	3,055	3,038	3,118	3,207	2,619
Financing receivables — net	22,159	19,924	17,682	15,255	16,017	15,631	14,004	12,869	11,233	9,974
Financing receivables securitized — net	3,618	2,905	2,238	3,108	1,645	2,289	2,371	1,458		
Equipment on operating leases — net	2,528	2,150	1,936	1,733	1,639	1,705	1,494	1,336	1,297	1,382
Inventories	5,170	4,371	3,063	2,397	3,042	2,337	1,957	2,135	1,999	1,366
Property and equipment — net	5,012	4,352	3,791	4,532	4,128	3,534	2,764	2,343	2,138	2,064
Short-term borrowings:										
Equipment operations	425	528	85	490	218	130	282	678	312	577
Financial services	5,968	6,324	5,241	3,537	6,621	7,495	5,436	4,732	3,146	3,770
Total	6,393	6,852	5,326	4,027	6,839	7,625	5,718	5,410	3,458	4,347
Short-term securitization borrowings:										
Financial services	3,575	2,777	2,209	3,132	1,682	2,344	2,403	1,474		
Long-term borrowings:										
Equipment operations	5,445	3,167	3,329	3,073	1,992	1,973	1,969	2,423	2,728	2,727
Financial services	17,008	13,793	13,486	14,319	11,907	9,825	9,615	9,316	8,362	7,677
Total	22,453	16,960	16,815	17,392	13,899	11,798	11,584	11,739	11,090	10,404
Total Deere & Company stockholders' equity	6,842	6,800	6,290	4,819	6,533	7,156	7,491	6,852	6,393	4,002
Book value per share*	$ 17.64	$ 16.75	$ 14.90	$ 11.39	$ 15.47	$ 16.28	$ 16.48	$ 14.46	$ 12.95	$ 8.22
Capital expenditures	$ 1,360	$ 1,050	$ 795	$ 767	$ 1,117	$ 1,025	$ 774	$ 512	$ 364	$ 313
Number of employees (at year end)	66,859	61,278	55,650	51,262	56,653	52,022	46,549	47,423	46,465	43,221

* Attributable to Deere & Company.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deere & Company:

We have audited the accompanying consolidated balance sheets of Deere & Company and subsidiaries (the "Company") as of October 31, 2012 and 2011, and the related statements of consolidated income, changes in consolidated stockholders' equity, and consolidated cash flows for each of the three years in the period ended October 31, 2012. Our audits also included the financial statement schedule listed in the Index under Part IV, Item 15(2). We also have audited the Company's internal control over financial reporting as of October 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission .

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 17, 2012

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEERE & COMPANY

By: */s/ Samuel R. Allen*
Samuel R. Allen
Chairman and Principal Executive Officer

Date: December 17, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Each person signing below also hereby appoints Samuel R. Allen, Rajesh Kalathur and Gregory R. Noe, and each of them singly, his or her lawful attorney-in-fact with full power to execute and file any and all amendments to this report together with exhibits thereto and generally to do all such things as such attorney-in-fact may deem appropriate to enable Deere & Company to comply with the provisions of the Securities Exchange Act of 1934 and all requirements of the Securities and Exchange Commission.

Signature	Title	Date
/s/ Samuel R. Allen Samuel R. Allen	Chairman, Principal Executive Officer and Director	
/s/ Crandall C. Bowles Crandall C. Bowles	Director	
/s/ Vance D. Coffman Vance D. Coffman	Director	
/s/ Charles O. Holliday, Jr. Charles O. Holliday, Jr.	Director	
/s/ Dipak C. Jain Dipak C. Jain	Director	
/s/ Clayton M. Jones Clayton M. Jones	Director	
/s/ Rajesh Kalathur Rajesh Kalathur	Senior Vice President, Principal Financial Officer and Principal Accounting Officer	December 17, 2012
/s/ Joachim Milberg Joachim Milberg	Director	
/s/ Richard B. Myers Richard B. Myers	Director	

		)	December 17, 2012
/s/ Thomas H. Patrick Thomas H. Patrick	Director	)	
/s/ Aulana L. Peters Aulana L. Peters	Director	)	
/s/ Sherry M. Smith Sherry M. Smith	Director	)	

Schedule II

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended October 31, 2012, 2011 and 2010
(in thousands of dollars)

Column A	Column B	Column C			Column D		Column E
		Additions					
			Charged to other accounts		Deductions		
Description	Balance at beginning of period	Charged to costs and expenses	Description	Amount	Description	Amount	Balance at end of period
YEAR ENDED OCTOBER 31, 2012							
Allowance for credit losses:							
Equipment operations:							
Trade receivable allowances	$ 67,571	$ 6,041	Bad debt recoveries	$ 1,156	Trade receivable write-offs	$ 5,756	$ 62,255
					Other (primarily translation)	6,757	
Financial services:							
Trade receivable allowances	4,356	642	Bad debt recoveries	124	Trade receivable write-offs	1,012	4,037
					Other (primarily translation)	73	
Financing receivable allowances	197,077	(579)	Bad debt recoveries	33,244	Financing receivable write-offs	42,070	176,574
					Other (primarily translation)	11,098	
Consolidated receivable allowances	$ 269,004	$ 6,104		$ 34,524		$ 66,766	$ 242,866
YEAR ENDED OCTOBER 31, 2011							
Allowance for credit losses:							
Equipment operations:							
Trade receivable allowances	$ 67,159	$ 4,521	Bad debt recoveries	$ 451	Trade receivable write-offs	$ 4,419	$ 67,571
					Other (primarily translation)	141	
Financial services:							
Trade receivable allowances	4,510	78	Bad debt recoveries	89	Trade receivable write-offs	303	4,356
					Other (primarily translation)	18	
Financing receivable allowances	224,810	8,990	Bad debt recoveries	41,904	Financing receivable write-offs	79,009	197,077
			Other (primarily translation)	382			
Consolidated receivable allowances	$ 296,479	$ 13,589		$ 42,826		$ 83,890	$ 269,004
YEAR ENDED OCTOBER 31, 2010							
Allowance for credit losses:							
Equipment operations:							
Trade receivable allowances	$ 72,729	$ 6,299	Bad debt recoveries	$ 22,797	Trade receivable write-offs	$ 35,473	$ 67,159
			Other (primarily translation)	807			
Financial services:							
Trade receivable allowances	4,848	(126)	Bad debt recoveries	461	Trade receivable write-offs	933	4,510
			Other (primarily translation)	260			
Financing receivable allowances	238,910	100,243	Bad debt recoveries	31,330	Financing receivable write-offs	147,275	224,810
			Other (primarily translation)	1,602			
Consolidated receivable allowances	$ 316,487	$ 106,416		$ 57,257		$ 183,681	$ 296,479

Index to Exhibits

2. Not applicable

3.1 Certificate of incorporation, as amended (Exhibit 3.1 to Form 8-K of registrant dated February 26, 2010, Securities and Exchange Commission File Number 1-4121*)

3.2 Certificate of Designation Preferences and Rights of Series A Participating Preferred Stock (Exhibit 3.2 to Form 10-K of registrant for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*)

3.3 Bylaws, as amended (Exhibit 3.1 to Form 8-K of registrant dated December 8, 2011, Securities and Exchange Commission File Number 1-4121*)

4.1 Form of common stock certificate (Exhibit 4.6 to Form 10-K of registrant for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*)

4.2 Indenture dated as of September 25, 2008 between the registrant and The Bank of New York Mellon, as Trustee (Exhibit 4.1 to the registration statement on Form S-3ASR no. 333-153704, filed September 26, 2008, Securities and Exchange Commission file number 1-4121*)

4.3 Terms and Conditions of the Notes, published on February 3, 2012, applicable to the U.S. $3,000,000,000 Euro Medium Term Note Programme of registrant, John Deere Capital Corporation, John Deere Bank S.A., John Deere Cash Management S.A. and John Deere Financial Limited

Certain instruments relating to long-term debt constituting less than 10% of the registrant's total assets, are not filed as exhibits herewith pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K. The registrant will file copies of such instruments upon request of the Commission.

9. Not applicable

10.1 Agreement as amended November 1, 1994 between registrant and John Deere Capital Corporation concerning agricultural retail notes (Exhibit 10.1 to Form 10-K of registrant for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*)

10.2 Agreement as amended November 1, 1994 between registrant and John Deere Capital Corporation relating to lawn and grounds care retail notes (Exhibit 10.2 to Form 10-K of registrant for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*)

10.3 Agreement as amended November 1, 1994 between John Deere Construction Equipment Company, a wholly-owned subsidiary of registrant and John Deere Capital Corporation concerning construction retail notes (Exhibit 10.3 to Form 10-K of registrant for the year ended October 31, 1998, Securities and Exchange Commission File Number 1-4121*)

10.4 Agreement dated July 14, 1997 between the John Deere Construction Equipment Company and John Deere Capital Corporation concerning construction retail notes (Exhibit 10.4 to Form 10-K of registrant for the year ended October 31, 2003, Securities and Exchange Commission File Number 1-4121*)

10.5 Agreement dated November 1, 2003 between registrant and John Deere Capital Corporation relating to fixed charges ratio, ownership and minimum net worth of John Deere Capital Corporation (Exhibit 10.5 to Form 10-K of registrant for the year ended October 31, 2003, Securities and Exchange Commission File Number 1-4121*)

10.6 Deere & Company Voluntary Deferred Compensation Plan, (Exhibit 10.7 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.7 John Deere Short-Term Incentive Bonus Plan (Appendix C to Proxy Statement of registrant filed January 13, 2010, Securities and Exchange Commission File Number 1-4121*)

10.8 John Deere Mid-Term Incentive Plan (Exhibit 10.8 to Form 10-K of registrant for the year ended October 31, 2007, Securities and Exchange Commission File Number 1-4121*)

10. 09 John Deere Omnibus Equity and Incentive Plan (Appendix B to Proxy Statement of registrant filed January 13, 2010, Securities and Exchange Commission File Number 1-4121*)

10.10 Form of Terms and Conditions for John Deere Nonqualified Stock Option Grant (Exhibit 10.10 to Form 10-K of registrant for the year ended October 31, 2010, Securities and Exchange Commission File Number 1-4121*)

10.11 Form of John Deere Restricted and Performance Stock Unit Grant for Employees

10.12 Form of John Deere Restricted Stock Unit Grant for Directors (Exhibit 10.13 to Form 10-K of the registrant for the year ended October 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.13 Form of Nonemployee Director Restricted Stock Grant (Exhibit 10.13 to Form 10-K of registrant for the year ended October 31, 2004, Securities and Exchange Commission File Number 1-4121*)

10.14 John Deere Defined Contribution Restoration Plan as amended December 2007 (Exhibit 10.1 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.15 John Deere Supplemental Pension Benefit Plan, as amended December 2007 (Exhibit 10.3 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.16 John Deere Senior Supplementary Pension Benefit Plan as amended December 2007 (Exhibit 10.5 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.17 John Deere ERISA Supplementary Pension Benefit Plan as amended December 2007 (Exhibit 10.4 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.18 Nonemployee Director Stock Ownership Plan (Appendix A to Proxy Statement of registrant filed on January 13, 2012, Securities and Exchange Commission File Number 1-4121*)

10.19 Deere & Company Nonemployee Director Deferred Compensation Plan, as amended February 25, 2009 (Exhibit 10.20 to Form 10-K of registrant for the year ended October 31, 2009, Securities and Exchange Commission File Number 1-4121*)

10.20 Change in Control Severance Program, effective August 26, 2009 (Exhibit 10 to Form 8-K of registrant dated August 26, 2009, Securities and Exchange Commission File Number 1-4121*)

10.21 Executive Incentive Award Recoupment Policy (Exhibit 10.9 to Form 10-Q of registrant for the quarter ended January 31, 2008, Securities and Exchange Commission File Number 1-4121*)

10.22 Asset Purchase Agreement dated October 29, 2001 between registrant and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.19 to Form 10-K of registrant for the year ended October 31, 2001, Securities and Exchange Commission File Number 1-4121*)

10.23 Asset Purchase Agreement dated October 29, 2001 between John Deere Construction & Forestry Company and Deere Capital, Inc. concerning the sale of trade receivables (Exhibit 10.20 to Form 10-K of registrant for the year ended October 31, 2001, Securities and Exchange Commission File Number 1-4121*)

10.24 Factoring Agreement dated September 20, 2002 between John Deere Bank S.A. (as successor in interest to John Deere Finance S.A.) and John Deere Vertrieb, a branch of Deere & Company, concerning the sale of trade receivables (Exhibit 10.21 to Form 10-K of registrant for the year ended October 31, 2002, Securities and Exchange Commission File Number 1-4121*)

10.25 Receivables Purchase Agreement dated August 23, 2002 between John Deere Bank S.A. (as successor in interest to John Deere Finance S.A.) and John Deere Limited (Scotland) concerning the sale of trade receivables (Exhibit 10.22 to Form 10-K of registrant for the year ended October 31, 2002, Securities and Exchange Commission File Number 1-4121*)

10.26 Joint Venture Agreement dated May 16, 1988 between registrant and Hitachi Construction Machinery Co., Ltd ((Exhibit 10.26 to Form 10-K of registrant for the year ended October 31, 2005, Securities and Exchange Commission File Number 1-4121*)

10.27 Marketing Profit Sharing Agreement dated January 1, 2002 between John Deere Construction and Forestry Equipment Company (n.k.a. John Deere Construction & Forestry Company) and Hitachi Construction Machinery Holding U.S.A. Corporation (Exhibit 10.27 to Form 10-K of registrant for the year ended October 31, 2005, Securities and Exchange Commission File Number 1-4121*)

10.28 Integrated Marketing Agreement dated October 16, 2001 between registrant and Hitachi Construction Machinery Co. Ltd. (Exhibit 10.28 to Form 10-K of registrant for the year ended October 31, 2005, Securities and Exchange Commission File Number 1-4121*)

10.29 49-Month Credit Agreement among registrant, John Deere Capital Corporation, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank N.A. and Deutsche Bank Securities Inc., as

	documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.1 to form 10-Q of registrant for the quarter ended April 30, 2011, Securities and Exchange Commission File Number 1-4121*)
10.30	First Amendment, dated April 22, 2012, to the 49-Month Credit Agreement among registrant, John Deere Capital Corporation, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.2 to form 10-Q of registrant for the quarter ended April 30, 2011, Securities and Exchange Commission File Number 1-4121*)
10.31	Second Amendment, dated February 27, 2012, to the 49-Month Credit Agreement among registrant, John Deere Capital Corporation, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank S.A., as administration agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 28, 2011 (Exhibit 10.2 to form 10-Q of registrant for the quarter ended January 31, 2012, Securities and Exchange Commission File Number 1-4121*)
10.32	Multi-year Credit Agreement among registrant, John Deere Capital Corporation, John Deere Bank S.A., various financial institutions, JPMorgan Chase Bank, N.A., as administration agent, Citibank, N.A. and Deutsche Bank Securities Inc., as documentation agents, and Bank of America, N.A., as syndication agent, et al., dated February 27, 2012 (Exhibit 10.1 to form 10-Q of registrant for the quarter ended January 31, 2012, Securities and Exchange Commission File Number 1-4121*)
12.	Computation of ratio of earnings to fixed charges
13.	Not applicable
14.	Not applicable
16.	Not applicable
18.	Not applicable
21.	Subsidiaries
22.	Not applicable
23.	Consent of Deloitte & Touche LLP
24.	Power of Attorney (included on signature page)
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certifications
101	Interactive Data File

* Incorporated by reference. Copies of these exhibits are available from the Company upon request.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

(a) *Programme*

Deere & Company (" **Deere** "), John Deere Capital Corporation (" **Deere Capital** "), John Deere Bank S.A. (" **Deere Luxembourg** "), John Deere Cash Management S.A. (" **Deere Cash Management** ") and John Deere Financial Limited (formerly John Deere Credit Limited) (ABN 55 078 714 646) (" **Deere Financial Australia** ") (each an " **Issuer** ", and, collectively the " **Issuers** ") have established a Euro Medium Term Note Programme (the " **Programme** ") for the issuance of up to U.S.$3,000,000,000 in aggregate principal amount of notes outstanding at any time (the " **Notes** "). Notes issued by Deere Cash Management are guaranteed by Deere (a " **Guarantor** ") and Notes issued by Deere Luxembourg and Deere Financial Australia are guaranteed by Deere Capital (a " **Guarantor** " and together with Deere, the " **Guarantors** ").

In these Conditions, references to " **Issuer** " are to Deere, Deere Capital, Deere Luxembourg, Deere Cash Management or Deere Financial Australia, as the case may be, as the Issuer of the Notes under the Programme and references to the " **relevant Issuer** " shall be construed accordingly. In these Conditions, references to " **Guarantor** " are to Deere or Deere Capital as Guarantor, in the case of Deere, of Notes to be issued by Deere Cash Management and, in the case of Deere Capital, of Notes to be issued by Deere Luxembourg and Deere Financial Australia and references to the " **relevant Guarantor** " shall be construed accordingly.

(b) *Final Terms*

Notes issued under the Programme are issued in series (each a " **Series** ") and each Series may comprise one or more tranches (each a " **Tranche** ") of Notes. Each Tranche is the subject of a final terms (the " **Final Terms** ") which supplements these terms and conditions (the " **Conditions** "). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. The applicable Final Terms will specify whether the Issuer is Deere, Deere Capital, Deere Luxembourg, Deere Cash Management or Deere Financial Australia. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Agency Agreement*

The Notes are the subject of an amended and restated issue and paying agency agreement dated 3 February 2012 (the " **Agency Agreement** ") between the Issuers, the Guarantors, The Bank of New York Mellon, London Branch (the " **Fiscal Agent** ", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the " **Registrar** ") which expression includes any successor registrar appointed from time to time in connection with the Notes, the paying agents named therein (together with the Fiscal Agent, the " **Paying Agents** ", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the " **Transfer Agents** ", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to " **Agents** " are to the Paying Agents and the Transfer Agents and any reference to " **Agent** " is to any one of them.

(d) ***Deeds of Guarantee***

Notes issued by Deere Cash Management are the subject of a deed of guarantee dated 3 February 2012 (the " **Deere Deed of Guarantee** ") entered into by Deere. Notes issued by Deere Luxembourg and Deere Financial Australia are the subject of a deed of guarantee dated 3 February 2012 (the " **JDCC Deed of Guarantee** " together with the Deere Deed of Guarantee, the " **Deeds of Guarantee** " and each a " **Deed of Guarantee** ") entered into by Deere Capital.

(e) ***Deed of Covenant***

The Notes may be issued in bearer form (" **Bearer Notes** "), or in registered form (" **Registered Notes** "). The Notes have the benefit of a Deed of Covenant dated 3 February 2012 ("the **Deed of Covenant** "). The Registered Notes are constituted by the Deed of Covenant entered into by the relevant Issuer.

(f) ***The Notes***

All subsequent references in these Conditions to " **Notes** " are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.

(g) ***Summaries***

Certain provisions of these Conditions are summaries of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the " **Couponholders** " and the " **Coupons** ", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deeds of Guarantee and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. **Interpretation**

(a) ***Definitions***

In these Conditions the following expressions have the following meanings:

" **Accrual Yield** " has the meaning given in the relevant Final Terms;

" **Additional Business Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

" **Additional Financial Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

" **Attributable Debt** " shall mean, as of any particular time, the present value, discounted at a rate per annum equal to the weighted average interest rate of all Notes denominated in euro outstanding at the time under the Programme, compounded semi-annually, of the obligation of a lessee for rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended); the net amount of rent required to be paid for any such period shall be the total amount of the rent payable by the lessee with respect to such period, but may exclude amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges; and, in the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated;

" **Business Day** " means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement in Renminbi payments; and

(iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

" **Business Day Convention** ", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) " **Following Business Day Convention** " means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) " **Modified Following Business Day Convention** " or " **Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) " **Preceding Business Day Convention** " means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) " **FRN Convention** ", " **Floating Rate Convention** " or " **Eurodollar Convention** " means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided** , **however** , **that** *:*

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) " **No Adjustment** " means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

" **Calculation Agent** " means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

" **Calculation Amount** " has the meaning given in the relevant Final Terms;

" **Central Bank** " means the Central Bank of Ireland, competent authority for the purposes of the Prospectus Directive;

" **CNY** " means Renminbi Yuan, the lawful currency of the PRC;

" **CNY Dealer** " means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

" **Consolidated Net Worth** " shall mean the aggregate of capital and surplus of Deere and its consolidated Subsidiaries, less minority interests in Subsidiaries, determined in accordance with accounting principles generally accepted in the United States of America (" **GAAP** ");

" **Coupon Sheet** " means, in respect of a Note, a coupon sheet relating to the Note;

" **CSSF** " means the *Commission de Surveillance du Secteur Financier* (the Luxembourg Financial Sector Supervisory Commission);

" **Day Count Fraction** " means (subject as provided in Condition 6 (*Fixed Rate Note Provisions*)), in respect of the calculation of an amount for any period of time (whether or not constituting an Interest Period) (the " **Calculation Period** "), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if " **Actual/Actual (ICMA)** " is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if " **Actual/Actual** " or " **Actual/Actual (ISDA)** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if " **Actual/365 (Fixed)** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;

(iv) if " **Actual/360** " is specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;

(v) if " **30/360** ", " **360/360** " or " **Bond Basis** " is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 X (Y_2 - Y_1)] + [30 X (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

" **Y1** " is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 X (Y_2 - Y_1)] + [30 X (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 X (Y_2 - Y_1)] + [30 X (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

" **M2** " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

" **D1** " is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

" **D2** " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

provided *,* **however** *,* **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

" **Early Redemption Amount (Tax)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Early Termination Amount** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

" **Extraordinary Resolution** " has the meaning given in the Agency Agreement;

" **Excluded Sale and Lease-back Transaction** " means (A) a Sale and Lease-back Transaction which, if the Attributable Debt in respect of such Sale and Lease-back Transaction had been a Security Interest, would have been permitted by paragraph (i) of the definition of Permitted Security Interest and (B) other Sale and Lease-back Transactions where the net proceeds of such sale are at least equal to the fair value (as determined by the Board of Directors of Deere) of the property and (i) Deere, within 120 days of the effective date of any such arrangement, applies an amount equal to the fair value (as so determined) of such property to any Notes redeemed prior to their Maturity Date or the purchase and retirement of Notes or to the payment or other retirement of funded debt for money borrowed, incurred or assumed by Deere which ranks senior to or *pari passu* with the Notes or of funded debt for money borrowed, incurred or assumed by any Material Subsidiary (other than, in either case, funded debt owned by Deere or any Material Subsidiary), or (ii) Deere shall, at or prior to the time of entering into the Sale and Lease-back Transaction, enter into a *bona fide* commitment or commitments to expend for the acquisition or improvement of any Important Property an amount at least equal to the fair value (as so determined) of such property. For this purpose, funded debt means any Debt (as defined in Condition 5(a)) which by its terms matures at or is extendable or renewable at the sole option of the obligor without requiring the consent of the obligee to a date more than twelve months after the date of the creation of such Debt;

" **Final Redemption Amount** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Fixed Coupon Amount** " has the meaning given in the relevant Final Terms;

" **Governmental Authority** " means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

" **Guarantee** " means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness;

" **Guarantee of the Notes** " means either the guarantee of the Notes given by Deere in the Deere Deed of Guarantee or the guarantee of the Notes given by Deere Capital in the JDCC Deed of Guarantee;

" **Holder** ", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes

has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

“ **Hong Kong** ” means the Hong Kong Special Administrative Region of the PRC;

“ **Illiquidity** ” means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two other CNY Dealers;

“ **Important Property** ” means (a) any manufacturing plant, including land, all buildings and other improvements thereon, and all manufacturing machinery and equipment located therein, used by the Issuer or Deere or a Material Subsidiary primarily for the manufacture of products to be sold by the Issuer or Deere or such Material Subsidiary, (b) the executive office and administrative building of Deere in Moline, Illinois, and (c) research and development facilities, including land and buildings and other improvements thereon and research and development machinery and equipment located therein, in each case, used by the Issuer or Deere or a Material Subsidiary; except in any case property of which the aggregate fair value as determined by the Board of Directors of Deere does not at the time exceed 1 per cent. of Consolidated Net Worth of Deere, as shown on the audited consolidated balance sheet contained in the latest annual report to stockholders of Deere;

“ **Inconvertibility** ” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“ **Indebtedness** ” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“ **Interest Amount** ” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“ **Interest Commencement Date** ” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“ **Interest Determination Date** ” has the meaning given in the relevant Final Terms;

“ **Interest Payment Date** ” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

" **Interest Period** " means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

" **ISDA Definitions** " means the 2006 ISDA Definitions (as further amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

" **Issue Date** " has the meaning given in the relevant Final Terms;

" **Luxembourg** " means the Grand Duchy of Luxembourg;

" **Margin** " has the meaning given in the relevant Final Terms;

" **Material Subsidiary** " shall mean any Subsidiary of Deere which is engaged in, or whose principal assets consist of property used by Deere or any Material Subsidiary in, the manufacture of products within the United States of America or Canada, or in the sale of products principally to customers located in the United States of America or Canada, except any corporation which is a retail dealer in which Deere has, directly or indirectly, an investment under an arrangement providing for the liquidation of such investment;

" **Maturity Date** " has the meaning given in the relevant Final Terms;

" **Maximum Redemption Amount** " has the meaning given in the relevant Final Terms;

" **Minimum Redemption Amount** " has the meaning given in the relevant Final Terms;

" **Non-transferability** " means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

" **Noteholder** ", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

" **Optional Redemption Amount (Call)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Optional Redemption Amount (Put)** " means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

" **Optional Redemption Date (Call)** " has the meaning given in the relevant Final Terms;

" **Optional Redemption Date (Put)** " has the meaning given in the relevant Final Terms;

" **Participating Member State** " means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

" **Payment Business Day** " means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which banks in the relevant place of presentation outside the United States and its possessions are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which banks in the relevant place of presentation outside the United States and its possessions are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; and

(C) in the case of any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments;

" **Permitted Lien** " means:

(i) any Security Interest created on or over any fixed assets or other physical properties hereafter acquired to secure all or part of the purchase price thereof or the acquiring hereafter of such assets or properties subject to any existing lien or charge securing indebtedness (whether or not assumed);

(ii) easements, liens, franchises or other minor encumbrances on or over any real property which do not materially detract from the value of such property or its use in the business of the Issuer, Deere Capital (as Guarantor) or a Subsidiary of Deere Capital;

(iii) any deposit or pledge of assets (i) with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Issuer, Deere Capital (as Guarantor) or a Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Issuer, Deere Capital (as Guarantor) or a Subsidiary, or (ii) as security for the performance of any contract or undertaking not directly or indirectly related to the borrowing of money or the security of indebtedness, if made in the ordinary course of business, or (iii) with any governmental agency, which deposit or pledge is required or permitted to qualify the Issuer, Deere Capital (as Guarantor) or a Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security, or similar matters, or (iv) made in the ordinary course of business to obtain the release of mechanics', workmen's, repairmen's, warehousemen's or similar liens, or the release of property in the possession of a common carrier;

(iv) any Security Interest by a Subsidiary as security for indebtedness owed to the Issuer or Deere Capital (as Guarantor) or to another Subsidiary;

(v) liens for taxes and governmental charges not yet due or contested by appropriate proceeding in good faith;

(vi) any Security Interest existing on property acquired by the Issuer or Deere Capital (as Guarantor) or a Subsidiary of Deere Capital through the exercise of rights arising out of defaults on receivables acquired in the ordinary course of business;

(vii) j udgment liens, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(viii) any pledge or lien (other than directly or indirectly to secure borrowed money) if, after giving effect thereto, the aggregate principal sums secured by pledges or liens otherwise within the above restrictions do not exceed U.S.$500,000; or

(ix) any Security Interest securing Securitisation Indebtedness;

(x) any Security Interest in cash provided to any counterparty of Deere Capital or any of Deere Capital's Subsidiaries in connection with any derivative transaction;

" **Permitted Security Interest** " means:

(i) any Security Interest created on or over any property acquired, constructed or improved by the Issuer, Deere or any Material Subsidiary which is created or assumed contemporaneously with, or within 120 days after, such acquisition, construction or improvement to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement incurred or (in addition to Security Interests contemplated by clauses (ii), (iii) and (iv) below) Security Interests on any property existing at the time of acquisition thereof **provided that** such Security Interest shall not apply to any Important Property theretofore owned by the Issuer, Deere or any Material Subsidiary other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the property so constructed, or the improvement, is located;

(ii) any Security Interest created on or over any property, shares of stock, or indebtedness existing at the time of acquisition thereof from a corporation which is consolidated or amalgamated with or merged into, or substantially all of the assets of which are acquired by, the Issuer, Deere or a Material Subsidiary;

(iii) any Security Interest created on or over any property of a corporation which Security Interest was existing at the time such corporation becomes a Material Subsidiary;

(iv) any Security Interest created on or over any property to secure Debt (as defined in Condition 5(a)) of a Material Subsidiary to the Issuer, Deere or to another Material Subsidiary;

(v) any Security Interest created on or over any property in favour of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Security Interest and Security Interests given to secure indebtedness incurred in connection with the financing of construction of pollution control facilities, the interest on which indebtedness is exempt from income taxes under the Internal Revenue Code;

(vi) any deposit or pledge of assets (1) with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Issuer, Deere or a Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Issuer, Deere or a Material Subsidiary, or (2) as security for the performance of any contract or undertaking not directly related to the borrowing of money or the securing of indebtedness, if made in the ordinary course of business, or (3) with any governmental agency, which deposit or pledge is required or permitted to qualify the Issuer, Deere or a Material Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of any law pertaining to worker's compensation, unemployment insurance, old age pensions, social security, or similar matters, or (4) made in the ordinary course of business to obtain the release of mechanics', workmen's, repairmen's, warehousemen's or similar liens, or the release of property in the possession of a common carrier;

(vii) any Security Interest created on or over any property acquired by the Issuer, Deere or a Material Subsidiary through the exercise of rights arising out of defaults on receivables acquired in the ordinary course of business;

(viii) judgment liens, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(ix) any Security Interest created on and over any property for the sole purpose of extending, renewing or replacing in whole or part, Debt secured by any Security Interest referred to in paragraphs (i) to (viii) above, inclusive or in this paragraph, **provided** , **however** , **that** the principal amount of Debt secured in such extension, renewal or replacement does not exceed the principal amount of Debt secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the property subject to such Security Interest so extended, renewed or replaced (plus improvements on such property);

(x) liens for taxes or assessments or governmental charges or levies not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings; landlord's liens on property held under lease; and any other liens of a nature similar to those hereinabove described in this paragraph (x) which do not, in the opinion of the Issuer and Deere, materially impair the use of such property in the operation of the business of the Issuer, Deere or a Material Subsidiary or the value of such property for the purposes of such business;

(xi) any transaction characterised as a sale of receivables (retail or otherwise) but reflected as secured indebtedness on a balance sheet in conformity with generally accepted accounting principles then in effect;

(xii) any Security Interest created on or over any Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System of the United States of America) owned by the Issuer, Deere and its Material Subsidiaries to the extent such Margin Stock so secured exceeds 25 per cent. of the fair market value of the sum of the Important Property of the Issuer, Deere and the Material Subsidiaries plus the shares of stock (including Margin Stock) and indebtedness issued or incurred by the Material Subsidiaries; or

(xiii) any Security Interest created on or over any Important Property of, or any shares of stock or indebtedness issued or incurred by, any Material Subsidiary organised under the laws of Canada;

" **Person** " means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

" **PRC** " means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan;

" **Principal Financial Centre** " means, in relation to any currency, the principal financial centre for that currency **provided** , **however** , **that** *:*

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

" **Put Option Notice** " means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

" **Put Option Receipt** " means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

" **Rate Calculation Business Day** " means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

" **Rate Calculation Date** " means the day which is two Rate Calculation Business Days before the due date for any payment of the relevant amount under these Conditions;

" **Rate of Interest** " means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

" **Redemption Amount** " means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

" **Reference Banks** " has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

" **Reference Price** " has the meaning given in the relevant Final Terms;

" **Reference Rate** " has the meaning given in the relevant Final Terms;

" **Regular Period** " means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where " **Regular Date** " means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from an Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where " **Regular Date** " means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of such irregular Interest Period;

" **Relevant Date** " means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

" **Relevant Financial Centre** " has the meaning given in the relevant Final Terms **provided** , **however** , **that** in no event shall any location within the United States or its possessions be a Relevant Financial Centre for the purposes of any payments in respect of any Note;

" **Relevant Jurisdiction** " means the United States where the Issuer or the Guarantor, if applicable, is Deere or Deere Capital, Luxembourg where the Issuer is Deere Luxembourg or Deere Cash Management, the Commonwealth of Australia where the Issuer is Deere Financial Australia;

" **Relevant Screen Page** " means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

" **Relevant Time** " has the meaning given in the relevant Final Terms;

" **Reserved Matter** " means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

" **Sale and Lease-back Transactions** " means any arrangement with any Person providing for the leasing to the Issuer, the Guarantor or any Material Subsidiary of any Important Property owned or hereafter acquired by the Issuer, the Guarantor or such Material Subsidiary (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between the Issuer, the Guarantor and Material Subsidiary or between Material Subsidiaries), which Important Property has been or is to be sold or transferred by the Issuer, the Guarantor or such Material Subsidiary to such Person;

" **Security Interest** " means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

" **Securitisation Indebtedness** " shall mean the aggregate outstanding indebtedness for borrowed money, owner trust certificates (however classified) or credit enhancements incurred in connection with transactions involving (i) the sale, transfer or other disposition of receivables or leases (retail or wholesale) by Deere Capital or any of its Subsidiaries and (ii) the issuance of commercial paper, medium term notes or any other form of financing by any structured bankruptcy-remote Subsidiary of Deere Capital or any related conduit lender (such transactions, " **Securitisations** "), **provided** , **that** the aggregate outstanding credit enhancements in the form of cash or letter(s) of credit provided by Deere Capital or any of its Subsidiaries (other than any structured bankruptcy-remote Subsidiary) in excess of 10 per cent. of the aggregate outstanding indebtedness for borrowed money and owner trust certificates (however classified) incurred in connection with such Securitisations shall not be deemed for the purposes of the Programme to be Securitisation Indebtedness;

" **Specified Currency** " has the meaning given in the relevant Final Terms;

" **Specified Denomination(s)** " has the meaning given in the relevant Final Terms **provided that** Notes will be issued in denominations of at least EUR 100,000 or the equivalent in any other specified currency as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements;

" **Specified Office** " has the meaning given in the Agency Agreement;

" **Specified Period** " has the meaning given in the relevant Final Terms;

" **Spot Rate** ", for a Rate Calculation Date, means the spot U.S. dollar/Renminbi exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two business days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two business days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other

page as may replace that page for the purpose of displaying a comparable currency exchange rate, and if a spot rate is not readily available, the Calculation Agent may consult with two CNY Dealers to determine the applicable rate, taking into consideration all available information which the CNY Dealers deem relevant, including price information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the U.S. dollar/CNY exchange rate in the PRC's domestic foreign exchange market;

" **Subsidiary** " means any corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Issuer or by one or more other Subsidiaries of such Issuer. For the purposes of this definition, " **voting stock** " means stock having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency;

" **Talon** " means a talon for further Coupons;

" **TARGET2** " means the Trans-European Automated Real Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which launched on 19 November 2007;

" **TARGET Settlement Day** " means any day on which TARGET2 is open;

" **Treaty** " means the Treaty establishing the European Communities, as amended;

" **U.S. Dollar Equivalent** " means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date; and

" **Zero Coupon Note** " means a Note specified as such in the relevant Final Terms;

(b) ***Interpretation***

In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (Taxation), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Amended and Restated Agency Agreement or either of the Deere Deed of Guarantee or the JDCC Deed of Guarantee shall be construed as a reference to the Amended and Restated Agency Agreement or the Deere Deed of Guarantee or the JDCC Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

(a) ***Bearer Notes*** : Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Notes in bearer form will not be issued under the Programme after 18 March 2012, unless and until there is further U.S. tax guidance on how bearer notes can be issued in registered form for U.S. tax purposes, the terms of the Bearer Notes have been revised to the extent required by such guidance, and U.S. tax counsel has rendered an opinion that such Bearer Notes will be regarded as issued in registered form for U.S. tax purposes.

(b) ***Title to Bearer Notes*** : Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, " **Holder** " means the holder of such Bearer Note and " **Noteholder** " and " **Couponholder** " shall be construed accordingly.

(c) ***Registered Notes*** : Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(d) ***Title to Registered Notes*** : The Registrar will maintain the register (the " **Register** ") in accordance with the provisions of the Agency Agreement. A certificate (each, a " **Note Certificate** ") will be issued to each Holder of Registered Notes in respect of its registered holding. With respect to Notes issued by Deere Luxembourg or Deere Cash Management, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to the relevant Issuer who will keep an updated copy of the Register at its registered office (the " **Duplicate Register** "). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, " **Holder** " means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (with respect to Registered Notes issued by Deere Luxembourg and Deere Cash Management) (or, in the case of a joint holding, the first named thereof) and " **Noteholder** " shall be construed accordingly.

(e) ***Ownership*** : The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes*** : Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided** , **however** , **that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor. With respect to Notes issued by Deere Luxembourg or Deere Cash Management, the transfer will not be deemed to be effective until its registration in the relevant Duplicate Register in accordance with paragraph (g) below.

(g) ***Registration and delivery of Note Certificates*** : Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and procure each Duplicate Register held

respectively by Deere Luxembourg or Deere Cash Management to be updated and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, " **business day** " means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge*** : The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods*** : Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(j) ***Regulations concerning transfers and registration*** : All transfers of Registered Notes and entries on the Register and the Duplicate Registers respectively held by Deere Luxembourg and Deere Cash Management are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status of the Notes and the Guarantees**

(a) ***Status of the Senior Notes***

This Condition 4(a) is applicable in relation to Notes specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated (" **Senior Notes** "). The Senior Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Status of the Subordinated Notes***

(i) This Condition 4(b)(i) is applicable only in relation to Notes which are specified in the relevant Final Terms as being subordinated (" **Subordinated Notes** ") and are issued by Deere or Deere Capital. Subordinated Notes issued by Deere or Deere Capital constitute direct, unsecured and subordinated obligations of Deere or Deere Capital, as the case may be, which will at all times rank *pari passu* without prejudice among themselves and at least *pari passu* and rateably with all other present and future unsecured and subordinated obligations of Deere or Deere Capital from time to time outstanding save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The rights and claims of holders of the Subordinated Notes issued by Deere or Deere Capital, as the case may be, will, in the event that Deere or Deere Capital, as the case may be, is wound-up, dissolved, liquidated or ceases to exist as a body corporate, excluding where such event results in there being a successor to Deere or Deere Capital, as the case may be, and the obligations under the Notes are assumed by that successor, be subordinated in right of payment to unsubordinated and unsecured creditors of Deere or Deere Capital, as the case may be.

(ii) This Condition 4(b)(ii) is applicable only in relation to Subordinated Notes issued by Deere Luxembourg. Subordinated Notes issued by Deere Luxembourg constitute direct, unsecured and subordinated obligations of Deere Luxembourg which will at all times rank *pari passu* without preference among themselves and at least *pari passu* and rateably with all other present and future unsecured and subordinated obligations of

Deere Luxembourg from time to time outstanding save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. In the event that Deere Luxembourg is liquidated pursuant to applicable provisions of the laws of Luxembourg, the rights and claims of holders of the Subordinated Notes issued by Deere Luxembourg will be subordinated in right of payment to all other unsubordinated and unsecured creditors of Deere Luxembourg.

(c) ***Guarantee by Deere of Notes issued by Deere Cash Management***

Deere has in the Deere Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Cash Management, in respect of Senior Notes issued by it. This Guarantee of the Senior Notes constitutes direct, general, unconditional and unsubordinated obligations of Deere which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of Deere, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(d) ***Guarantee by Deere Capital of Notes issued by Deere Luxembourg and Deere Financial Australia***

Deere Capital has in the JDCC Deed of Guarantee:

(i) unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Luxembourg and Deere Financial Australia in respect of Senior Notes issued by them. This Guarantee of the Senior Notes constitutes direct, general, unconditional and unsubordinated obligations of Deere Capital which will at all times rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations of Deere Capital, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application; and

(ii) unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Deere Luxembourg in respect of Subordinated Notes. This Guarantee of such Subordinated Notes constitutes direct, unconditional and subordinated obligations of Deere Capital which will at all times rank at least *pari passu* with all other present and future subordinated and unsecured obligations of Deere Capital, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The rights and claims of the beneficiaries of the guarantee of the Subordinated Notes will, in the event that Deere Capital is wound-up, dissolved, liquidated or ceases to exist as a body corporate, excluding where such event results in there being a successor to Deere Capital, and the obligations under the Subordinated Notes are assumed by that successor, be subordinated in right of payment to unsubordinated and unsecured creditors of Deere Capital.

5. **Negative Pledge with respect to Senior Notes**

(a) This Condition 5(a) is applicable only in relation to Senior Notes issued by Deere and Deere Cash Management. So long as any Senior Note remains outstanding, the relevant Issuer shall not and Deere (as Guarantor) shall not permit any Material Subsidiary to, issue, incur, assume or guarantee any debt (" **Debt** ") secured by any Security Interest (other than a Permitted Security Interest) upon any present or future Important Property, or upon any present or future shares of stock or indebtedness issued by any Material Subsidiary without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders.

Notwithstanding the foregoing, the relevant Issuer or Deere (as Guarantor) or any Material Subsidiary may, without (a) equally and rateably securing the Senior Notes or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders, issue, incur, assume or guarantee Debt secured by a Security Interest which does not constitute a Permitted Security Interest, up to an aggregate amount which, together with the sum of (A) all other Debt issued or incurred by the relevant Issuer, Deere (as Guarantor) and its Material Subsidiaries secured by Security Interests (other than a Permitted Security Interest)

which would otherwise be subject to the foregoing restrictions and (B) the Attributable Debt in respect of Sale and Lease-back Transactions in existence at such time does not at such time (other than Excluded Sale and Leaseback Transactions) exceed 5 per cent. of the Consolidated Net Worth of Deere, as shown on the audited consolidated balance sheet contained in the latest annual report of Deere.

(b) This Condition 5(b) is applicable only in relation to Senior Notes issued by Deere Capital, Deere Luxembourg and Deere Financial Australia. So long as any Senior Notes remain outstanding, the relevant Issuer shall not and Deere Capital (as Guarantor) shall not permit any of its Subsidiaries to issue, incur, assume or guarantee any Debt secured by any Security Interest (other than a Permitted Lien) on any of its property or assets, or any of the property or assets of any of its Subsidiaries, without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith or (b) providing such other security for the Senior Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. Fixed Rate Note Provisions

(a) ***Application***

This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of Interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of Interest Amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a " **sub-unit** " means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

(a) ***Application***

This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided** , **however** , **that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where " **ISDA Rate** " in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA

Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Index-Linked Interest***

If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. If no Minimum Rate of Interest is specified in the relevant Final Terms, then the Minimum Rate of Interest in respect of each relevant Interest Period shall be deemed to be zero, and in no event shall the Rate of Interest calculated in accordance with this Condition 7 be less than zero.

(g) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(i) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the

event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) ***Notifications etc***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Zero Coupon Note Provisions**

(a) ***Application***

This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Dual Currency Note Provisions**

(a) ***Application***

This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Rate of Interest***

If the rate or amount of interest fails to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. **Interest to be non-contingent**

Interest on the Notes will not be determined by reference to the receipts, sales, income, profits or cashflow of the Issuer or a related person, or by reference to the change in the value of any property held by the Issuer or a related person.

11. **Redemption and Purchase**

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 12 (*Payments — Bearer Notes*) and 13 (*Payments — Registered Notes*).

(b) ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) in whole, but not in part:

(i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the applicable Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in the Guarantee of the Notes or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in the Guarantee of the Notes from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided , **however** , **that** no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption

and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

(c) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF), at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent (in the case of Bearer Notes) such Note together with all unmatured Coupons relating thereto or (in the case of Registered Notes) the certificate representing such Notes with the Registrar or any Transfer Agent, together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(e), may be withdrawn; **provided** , **however** , **that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 11 (e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(f) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.

(g) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 11(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Purchase***

The Issuer, the Guarantor or any of their respective Subsidiaries may (but, in the case of Subordinated Notes issued by Deere Luxembourg, subject to the prior written approval thereto having been obtained from the CSSF) at any time after 183 days following the Issue Date purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

(i) ***Cancellation***

All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

12. **Payments — Bearer Notes**

This Condition 12 is only applicable to Bearer Notes.

(a) ***Principal*** : Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong.

(b) ***Interest*** : Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) ***Payments in New York City*** : Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law (including applicable United States tax law).

(d) ***Payments subject to fiscal laws*** : All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons*** : If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided** , **however** , **that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the " **Relevant Coupons** ") being equal to the amount of principal due for payment; **provided** , **however** , **that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided** , **however** , **that** , if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void*** : If the relevant Final Terms specifies that this Condition 12(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(e) (*Redemption at the option of Noteholders*), Condition 11(c) (*Redemption at the option of the Issuer*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days*** : If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons*** : Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) ***Partial payments*** : If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons*** : On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

(k) ***Payment of U.S. Dollar Equivalent*** : Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in Hong Kong, the Issuer shall, on giving not less than 5 or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12(k) (*Payment of U.S. Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

13. Payments — Registered Notes

This Condition 13 is only applicable to Registered Notes.

(a) ***Principal*** : Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) ***Interest*** : Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) **provided that** payment in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee in Hong Kong and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) ***Payments subject to fiscal laws*** : All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days*** : Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note

Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.

(e) ***Partial payments*** : If a Paying Agent makes a partial payment in respect of any Registered Note in relation to a partial redemption or otherwise, the Issuer shall procure that the amount and date of such payment are noted on the Register and the relevant Duplicate Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) ***Payment of U.S. Dollar Equivalent*** : Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi in Hong Kong, the Issuer shall, on giving not less than 5 or more than 30 days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the holder of such Note Certificates at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account with a bank in New York City.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 13(f) (*Payment of U.S. Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders.

14. Taxation

(a) *Gross up*

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the applicable Relevant Jurisdiction (in the case of payments by the Issuer) or the United States of America (in the case of payments by the Guarantor) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by, or on behalf of, a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of such Note or Coupon; or

(ii) presented for payment in the applicable Relevant Jurisdiction; or

(iii) held by, or by a third party on behalf of, a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its (or a fiduciary, settlor, member or shareholder, beneficiary of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) having

some present or former connection with the applicable Relevant Jurisdiction (including being or having been a citizen or resident of such Relevant Jurisdiction or being or having been engaged in trade or business or present therein having or having had a permanent establishment therein) other than the mere holding of such Note or Coupon; or

(iv) held by a Holder which is or was a personal holding company, foreign personal holding company or passive foreign investment company with respect to the United States or a corporation that accumulates earnings to avoid United States federal income tax; or

(v) if such tax is an estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment, or governmental charge; or

(vi) if such amount is payable otherwise than by withholding from a payment on such Note or Coupon or such amount is required to be withheld by a paying agent, if such payment can be made without such withholding by any other paying agent under the Agency Agreement; or

(vii) if such tax, duty assessment or governmental charge would not have been imposed but for the failure to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or beneficial owner of such Note if such compliance is required as a precondition to relief or exemption from withholding or deduction of all or part of such tax, duty assessment or governmental charge, including, for the avoidance of doubt, any and all taxes or other charges that may be imposed by reason of a failure to comply with the provisions of Sections 1471 to 1474 of the Internal Revenue Code, any Treasury Regulations or other administrative guidance published thereunder, or any successor, substitute or similar legislation or provision of law; or

(viii) held by a Holder which is or has been a "10 per cent. shareholder" of the obligor of the Note as defined in Section 871(h)(3) of the United States Internal Revenue Code or any successor provisions; or

(ix) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting or surrendering such Note, Coupon or Note Certificate for payment on the last day of such period of 30 days; or

(x) where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to (A) the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (B) the agreements on savings income concluded by Luxembourg with several dependent or associated territories of the EU (being Jersey, Guernsey, the Isle of Man, the British Virgin Islands, Montserrat, the formerly known Dutch Antilles (of which Curaçao and St. Maarten have become overseas nations forming part of the Kingdom of The Netherlands while Saba, St. Eustatius and Bonaire have become overseas special public bodies of the Kingdom of The Netherlands) and Aruba), as well as (C) where such withholding or deduction is imposed on savings income as regards to Luxembourg resident individuals according to the law of 23 December 2005, as 10 per cent. withholding tax; or

(xi) (except in the case of Registered Notes) held by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(xii) in the case of any combination of items (i) through (xi); or

(xiii) in respect of payment by Deere Financial Australia, held by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment; or

(xiv) in respect of payment by Deere Financial Australia, held by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in a respect of such Note or Coupon by reason of his being an “associate” of the Issuer to which Section 128F(6) of the Income Tax Assessment Act 1936 of Australia applies;

nor shall additional amounts be paid to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor of such fiduciary or partnership or beneficial owner would not have been entitled to such additional amounts had such beneficiary, settlor or beneficial owner been the holder of the Note.

(b) ***Taxing jurisdiction***

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Relevant Jurisdiction or the United States respectively, references in these Conditions to the Relevant Jurisdiction or the United States shall be construed as references to the Relevant Jurisdiction or (as the case may be) the United States and/or such other jurisdiction.

15. **Events of Default**

If any of the following events occurs and is continuing:

(a) ***Non-payment of interest*** : default in the payment of any interest upon any Note of that Series or any related Coupon, when such interest or Coupon becomes due and payable, and continuance of such default for a period of 30 days; or

(b) ***Non-payment of principal*** : default in the payment of the principal of (or premium, if any, on) any Note of that Series when it becomes due and payable; or

(c) ***Breach of other obligations*** : default in the performance, or breach, of any covenant or agreement of the Issuer (or, if applicable, the Guarantor) in respect of the Notes of the relevant Series, the Agency Agreement or the Deed of Guarantee (other than a covenant or warranty in respect of the Notes of such Series, a default in the performance of which or the breach of which is elsewhere in this Condition specifically dealt with or which has expressly been included in such Notes solely for the benefit of Series of Notes other than that Series) and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or, if applicable, the Guarantor or the Specified Office of the Fiscal Agent by Noteholders of at least 25 per cent. in principal amount of Notes outstanding of that Series a written notice specifying such default or breach and requiring it to be remedied stating that such notice is a “Notice of Default”; or

(d) ***Insolvency etc*** : in the case of Notes issued by Deere Luxembourg, Deere Cash Management, Deere Financial Australia (i) such Issuer or its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, is appointed (or application for any such appointment is made), (iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer is ordered by a court of competent jurisdiction to cease to carry on all or any substantial part of its business (otherwise than, in the case of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent and in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to any amalgamation, reorganisation or restructuring); or

(e) ***Bankruptcy, etc of Deere or Deere Capital*** : in the case of Notes issued by or guaranteed by Deere or Deere Capital (i) Deere or Deere Capital (as the case may be) pursuant to or within the

meaning of any Bankruptcy Law commences a voluntary case, or consents to the entry of an order for relief against it in an involuntary case, or consents to the appointment of a Custodian of it or for all or substantially all of its property or makes a general assignment for the benefit of its creditors; or (ii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that is for relief against Deere or Deere Capital (as the case may be) in an involuntary case, or appoints a Custodian of it or for all or substantially all of its property, or orders the liquidation of it and the order or decree remains unstayed and in effect for 90 days. In this Condition, the term " **Bankruptcy Law** " means title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term " **Custodian** " means any receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy law; or

(f) ***Insolvency of Deere Luxembourg*** : in the case of Subordinated Notes issued by Deere Luxembourg, the liquidation of Deere Luxembourg pursuant to applicable provisions of the laws of Luxembourg,

then, (i) any Senior Note of any Issuer or any Subordinated Note issued by Deere or Deere Capital or, in accordance with the circumstances described in Condition 15(f) only, any Subordinated Note issued by Deere Luxembourg, may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality; or (ii) unless otherwise provided in the relevant Final Terms, save in the case of Condition 15(f), any Subordinated Note issued by Deere Luxembourg may, subject to the prior written approval thereto having been obtained from the CSSF and by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality and each holder of such Subordinated Note may initiate proceedings for the liquidation of Deere Luxembourg in Luxembourg but not elsewhere but may take no other action in respect of such default.

16. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed on the last page of this Base Prospectus .

The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided** , **however** , **that** :

(a) the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar; and

(b) the Issuers and the Guarantors undertake that they shall at all times maintain a Paying Agent with a specified office in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times, whilst any such Note remains outstanding, maintain a Calculation Agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

19. **Meetings of Noteholders; Modification and Waiver**

(a) ***Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided** , **however** , **that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

For the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg law on Commercial Companies dated 10 August 1915, as amended, are hereby excluded in respect of the Notes, Coupons and Talons.

(b) ***Modification***

The Notes, these Conditions, the Deeds of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the

Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

In the case of Subordinated Notes issued by Deere Luxembourg, no modification may be made to Condition 4(b)(ii) as they may apply to such Notes without the prior written approval thereto having been obtained from the CSSF.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer will not issue further notes after 18 March 2012 that form a single series with the Notes, if any, issued before 19 March 2012.

21. **Notices**

(a) ***Bearer Notes*** : Notices to the Holders of Bearer Notes admitted to the Official List of the Irish Stock Exchange and/or admitted to trading on the regulated market of the Irish Stock Exchange will be deemed to be validly given if filed within the Companies Announcement Office of the Irish Stock Exchange or published in a leading English language daily newspaper of general circulation in Ireland and approved by the Irish Stock Exchange. It is expected that such publication will be made in The Irish Times. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes*** : Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and the Duplicate Register if different from the Register (with respect to Registered Notes issued by Deere Luxembourg or Deere Cash Management) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the " **first currency** ") in which the same is payable under these Conditions or such order or judgment into another currency (the " **second currency** ") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with

0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. Governing Law and Jurisdiction

(a) ***Governing law*** : The Notes, each Deed of Guarantee, the Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with them are governed by, English law except that (x) in the case of Subordinated Notes issued by Deere, Deere Capital or Deere Luxembourg, the provisions of Condition 4(b)(i) and (ii) and all matters arising from or in connection with them shall be governed by and construed in accordance with the federal laws of the United States of America and the laws of Luxembourg respectively, and (y) in the case of any Guarantee given by Deere Capital of Subordinated Notes issued by Deere Luxembourg the subordination provisions set out in Condition 4(d)(ii) and the redemption provision set out in Condition 11 and the JDCC Deed of Guarantee and all matters arising from or in connection with them shall be governed by and construed in accordance with the federal laws of the United States of America. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg law on Commercial Companies dated 10 August 1915, as amended, are excluded in respect of the Notes, Coupons and Talons.

(b) ***English courts*** : Subject as provided below, the courts of England have exclusive jurisdiction to settle any dispute (a " **Dispute** ") arising from or in connection with the Notes except that in the case of a Subordinated Notes issued by Deere Luxembourg any Dispute arising in relation to Condition 4(b)(ii) and Condition 11, as they apply to such Subordinated Notes, shall be subject to the exclusive jurisdiction of the courts of Luxembourg-City.

(c) ***Appropriate forum*** : Each Issuer and Guarantor agrees that the courts of England (and, in relation to Subordinated Notes issued by Deere Luxembourg, that the courts of Luxembourg-City) are the most appropriate and convenient courts to settle any dispute and, accordingly, that it will not argue to the contrary.

(d) ***Rights of the Noteholders to take proceedings outside England*** : Condition 24(b) (*English Courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 24 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings in relation to a Dispute (" **Proceedings** ") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Service of process*** : Each Issuer and Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Clifford Chance Secretaries Limited at its registered office from time to time, being at the date of these Conditions at 10 Upper Bank Street, London E14 5JJ, or, if different, its registered office for the time being or at any address of the Issuers or the Guarantors in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuers or the Guarantors, the Issuers and Guarantors (acting together) shall, on the written demand of any of the Noteholders addressed to the Issuers and the Guarantors and delivered to the Issuers and the Guarantors or to the Specified Office of the Fiscal Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuers and the Guarantors and delivered to the Issuers and the Guarantors or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

25. **Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the Contract (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy of a third party which exists or is available apart from such Act.

Exhibit 10.11

JOHN DEERE

Deere & Company World Headquarters
One John Deere Place, Moline, IL 61265 USA

[Date]

D ear

I am pleased to advise you that on [Date] , you were awarded Restricted Stock Units (RSUs) and Performance Share Units (PSUs) pursuant to the John Deere Omnibus Equity and Incentive Plan (Plan). Since this letter agreement, together with the Plan, contains the terms of your grants you should read this letter carefully. Please note that your signature is required at the bottom of the final page.

RSUs and PSUs are elements of total executive compensation designed as long-term incentives to encourage ownership and focus on stockholder value.

RSUs and PSUs are common stock equivalents and represent the right to receive an equivalent number of shares of Deere & Company (Company) $1 par common stock (Common Stock) if and when certain vesting, performance and retention requirements, as detailed below, are satisfied.

Individual awards are determined by the Deere & Company Board of Directors Compensation Committee (Committee).

Your RSUs and PSUs are subject to the following provisions:

(1) **Vesting Period** . Except as provided in section (6) below, your RSUs and PSUs will vest on the third anniversary of the grant date. The number of PSUs that vest will be determined based on the Company's performance relative to the metrics described below as determined by the Committee. The period beginning on the grant date and ending on the third anniversary thereof is referred to as the "Vesting Period".

Following the Vesting Period, you will receive a certificate for the shares of common stock represented by your vested PSUs and vested RSUs (in each case net of any shares withheld for taxes), and your PSUs and RSUs will terminate.

If you have not met your stock ownership guideline requirements at the time of the conversion, you are required to continue to hold the shares (net of any shares withheld for taxes) received upon conversion of your RSUs until your stock ownership guidelines are met.

You may not sell, transfer, gift, pledge, assign or otherwise alienate the RSUs or PSUs. Any attempt to do so contrary to the provisions hereof shall be null and void.

(2) **Deferral Election for RSUs** . Notwithstanding section (1) above, you may irrevocably elect to defer the delivery of shares of Common Stock from RSU conversions that would otherwise be due by virtue of the expiration of the

Vesting Period set forth in section (1) above. Any deferral election received after the date that is the earlier of the second anniversary of the grant date or twelve months prior to your retirement or termination of employment shall be null and void and of no effect.

The effect of making a deferral election is that the conversion to shares of Common Stock will be deferred for five years (or possibly up to ten years, if elected) from the date the conversion would have occurred but for the election. Deferral election forms may be obtained from and returned to the Equity Administration Manager, Deere & Company.

(3) **Performance Metrics for PSUs.**

A. Relative CAGR. The payout for one-half of your PSUs will be determined based on the Company's compounded annual growth rate of revenues ("CAGR") during the three year performance period from [Date] through [Date] ("Performance Period") relative to the CAGR for the S&P 500 Industrial Sector as it is comprised on [Date] ("Comparator Group"). CAGR for a company will be calculated by dividing (i) total net sales and revenues on a consolidated basis as reported ("Revenues") for the final year of the Performance Period by (ii) Revenues for the year prior to the start of the Performance Period; raising the quotient to the one-third power; then subtracting one from the result. For the Company, Revenues for a year are based on the fiscal year ending October 31. For members of the Comparator Group, Revenues for a year are based on the last four quarters of data available from the Company's independent data service as of [Date].

B. Relative TSR. The payout for one-half of your PSUs will be determined based on the Company's total shareholder return ("TSR") during the three year Performance Period relative to the TSR for the Comparator Group. TSR for a company will be calculated by dividing (i) the sum of (A) the cumulative amount of the company's dividends for the Performance Period assuming same day reinvestment into the common stock of the company on the ex-dividend date, and (B) the closing share price of the company's common stock for the last trading day of the Performance Period, by (ii) the closing share price of the company's common stock for the last trading day prior to the start of the Performance Period.

C. Payout Table. The number of PSUs in each tranche vested and converted to shares can range from zero to two hundred percent of the number of PSUs granted depending on relative performance according to the following table. Amounts for interim points will be interpolated.

CAGR or TSR vs. S&P Industrial Sector	**Percent of PSU Grant Vested**
Below 25 th percentile	0%
At 25 th percentile	25%
At 50 th percentile	100%
At or above 75 th percentile	200%

S&P 500 Industrial Sector data used for determining relative final performance will be the data available from the Company's independent data service as of [Date].

(4) **Voting Rights** . You have no voting rights with respect to the RSUs or PSUs.

(5) **Dividends and Other Distributions** . You are entitled to receive cash payments on the RSUs equal to any cash dividends paid during the Vesting Period with respect to the corresponding number of shares of Common Stock. Dividend equivalents shall be paid in cash at the same time as cash dividends are paid with respect to Common Stock. You are not entitled to receive cash payments on the PSUs for any cash dividends paid during the Vesting Period with respect to the Common Stock. If any stock splits or stock dividends are paid in shares of Common Stock during the Vesting Period, you will receive additional RSUs or PSUs equal to the number of Common Stock shares paid with respect to the corresponding number of shares of Common Stock. These additional RSUs and PSUs will convert to shares of Common Stock at the same time as the underlying RSUs or PSUs to which they relate.

(6) **Termination of Employment** .

A. Retirement, Disability or Death on or Before October 31, [Date] . In the event of your retirement or disability pursuant to the John Deere Pension Plan for Salaried Employees, the John Deere Long Term Disability Plan for Salaried Employees, or any successor plans, or death, in each case on or before October 31, [Date], a prorated number of the RSUs and PSUs included in your award will be forfeited based on the percentage determined by dividing: (i) the number of calendar months from and including the month of retirement, disability or death to and including October [Date]; by (ii) 12. In such event, the number of PSUs vested and converted to shares can range from zero to two hundred percent of the number of non-forfeited PSUs depending on relative performance according to the table in section (3) above.

B. Retirement: RSUs . If you "separate from service" within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), during the Vesting Period due to retirement pursuant to the John Deere Pension Plan for Salaried Employees or any successor plan, then, subject to section (6)(A) above and sections (7) and (8) below: (i) your RSUs will vest on the date of your separation from service; and (ii) subject to any deferral election made pursuant to section (2) above, your RSUs will be converted into shares of Common Stock on the third anniversary of the grant date.

C. Disability or Death: RSUs . In the event of a separation from service during the Vesting Period due to disability or death, then, subject to section (6)(A) above and sections (7) and (8) below: (i) your RSUs will vest on the date of your separation from service; and (ii) your RSUs will be converted into shares of Common Stock on the third anniversary of the grant date notwithstanding any deferral election that you may have made pursuant to section (2) above.

Following a separation from service due to retirement, if you die during the Vesting Period, then, subject to section (6)(A) above and sections (7) and (8) below, your RSUs (all of which will have vested as a result of your separation from service due to retirement) will be converted into shares of Common Stock on the third anniversary of the grant date notwithstanding any deferral election that you may have made pursuant to section (2) above.

If you die or become disabled after the Vesting Period but before your RSUs have converted into shares of Common Stock, then, subject to section (6)(A) above and sections (7) and (8) below, your RSUs (all of which will have vested) will be converted into shares of Common Stock on the first business day in the later of the January or July following your death or disability (or, if earlier, on the date you specified in a deferred election made pursuant to section (2) above), notwithstanding any deferral election that you made pursuant to section (2) above.

D. **Retirement, Disability or Death: PSUs** . If you separate from service during the Vesting Period due to retirement or disability pursuant to the John Deere Pension Plan for Salaried Employees, the John Deere Long-Term Disability Plan for Salaried Employees, or any successor plans, or death, then, subject to section (6)(A) above and sections (7) and (8) below, your unvested PSUs will continue to vest over the Vesting Period and, depending on the performance of the Company relative to the metrics described in section (3) above, will be converted into shares of Common Stock on the third anniversary of the grant date.

E. **Death or Disability following Retirement: PSUs** . Following a separation from service due to retirement, if you die or become disabled during the Vesting Period, then, subject to section (6)(A) above and sections (7) and (8) below, your unvested PSUs will continue to vest over the Vesting Period and, depending on the performance of the Company relative to the metrics described in section (3) above, will be converted into shares of Common Stock on the third anniversary of the grant date.

F. **Other Terminations** . If you separate from service due to your termination for cause or for any other reasons not specifically mentioned herein, all unvested RSUs and PSUs held by you at that time shall be forfeited.

The Committee may, at its sole discretion, waive any automatic forfeiture provisions or apply new restrictions to the RSUs or PSUs. There shall be no acceleration of the lapse of restrictions or deferral of conversions of RSUs (including without limitation pursuant to the cancellation of a deferral election as provided in section (6)(C) above) except as would not result in the imposition on any person of additional taxes, penalties or interest under Section 409A of the Code or by regulations of the Secretary of the United States Treasury.

(7) **Non-Compete Condition** . In the event that your employment terminates during the Vesting Period with the consent of the Committee or by reason of retirement or disability, your rights to the continued vesting of the RSUs and PSUs shall be subject to the conditions that until the Vesting Period ends, you shall (a) not engage, either directly or indirectly, in any manner or capacity as advisor, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any business or activity which is at the time competitive with any business or activity conducted by the Company and (b) be available, except in the event of your death or incapacity, at reasonable times for consultations (which shall not require substantial time or effort) at the request of the Company's management with respect to phases of the business with which you were actively connected during employment, but such consultations shall not (except if your place of active service was outside of the United States) be required to be performed at any place or places outside of the United States of America or during usual vacation periods or periods of illness or other incapacity. In the event that either of the above conditions is

not fulfilled, you shall forfeit all rights to any unvested RSUs and PSUs, held on the date of the breach of the condition. Any determination by the Committee, which shall act upon the recommendation of the Chairman, that you are, or have, engaged in a competitive business or activity as aforesaid or have not been available for consultations as aforesaid shall be conclusive.

(8) **Executive Incentive Compensation Recoupment Condition.** This award and prior and future Incentive Compensation (as defined in the Policy) is subject to and conditioned on your agreement to the terms of the Company's Executive Incentive Compensation Recoupment Policy, as amended from time to time, or any successor policy thereto (the "Policy").

(9) **Conformity with Plan** . Your award is issued pursuant to Section 5.1 (Other Awards) of the Plan and is intended to conform in all respects with the Plan. Inconsistencies between this letter and the Plan shall be resolved in accordance with the terms of the Plan. By executing and returning the enclosed copy of this letter, you agree to be bound by all the terms of the Plan and restrictions contained in this letter. All definitions stated in the Plan shall be fully applicable to this letter.

(10) **Amendment** . This Agreement may be amended only by a writing executed by the Company and you that specifically states that it is amending this Agreement. Notwithstanding the foregoing, this Agreement may be amended solely by the Committee by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Notwithstanding the foregoing, the Committee reserves the right to change, by written notice to you, the provisions of the RSUs, PSUs or this Agreement in any way it may deem necessary or advisable (i) to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, or (ii) to ensure that you are not required to recognize taxable income with respect to your RSUs or PSUs prior to the time that they are converted into shares of Common Stock and are not subject to any additional taxes, penalties or interest under Section 409A of the Code; provided that any such change shall be applicable only to RSUs and PSUs which are then subject to restrictions as provided herein.

(11) **Severability** . If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any part of this Agreement so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms thereof to the fullest extent possible while remaining lawful and valid.

(12) **No Employment Rights** . Nothing herein confers any right or obligation on you to continue in the employ of the Company or any Subsidiary, nor shall this document affect in any way your right or the right of the Company or any Subsidiary, as the case may be, to terminate your employment at any time. Receipt of this award does not entitle you to any future awards or other considerations even if the Committee decides to continue making such awards to other employees.

(13) **Change of Control Events** . For purposes of Article VII of the Plan as it applies to the RSUs and PSUs awarded in this letter, notwithstanding the definitions in Article VII, a "Change of Control" shall have the meanings

assigned to "Change in Control Events" under Section 409A of the Code and related regulations of the Secretary of the United States Treasury. Article VII of the Plan shall be administered with respect to the RSUs and PSUs so that it complies in all respects with Section 409A and related regulations. Upon a Change of Control and a Qualifying Termination, as defined in accordance herewith, unvested PSUs will be cashed out at target grant on the basis of the Change of Control Price on the date of the Change of Control.

(14) **Consent to Personal Data.** By agreeing to the terms hereof, you also agree to the collection, processing and transfer of your personal data to and from banks, brokers, plan servicers and government agencies as necessary for administration of the award.

(15) **Withholding Tax Election.** Enclosed with this letter are Election(s) for Payment of Taxes Upon Vesting of RSUs and PSUs, if applicable. Please complete and return signed elections to the location listed at the top of the election forms. If a completed tax withholding election form for an award is not returned by 5 days prior to the settlement date, shares of stock to be issued upon settlement will be withheld and applied to the minimum required federal, state and local withholding taxes.

Please execute this letter in the space provided to confirm your understanding and acceptance of this letter agreement. You may make a photocopy for your records if you wish.

DEERE & COMPANY

By: ______________________________

The undersigned hereby acknowledges having read the Plan, the Policy and this letter, and hereby agrees to be bound by all the provisions set forth in the Plan, the Policy and this letter.

______________________________ ______________________________
Participant Name (Printed) Signature

____
Date

Return to Equity Administration Manager, Deere & Company, One John Deere Place, Moline, IL

Exhibit 12

DEERE & COMPANY AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions of dollars)

	Year Ended October 31				
	2012	**2011**	**2010**	**2009**	**2008**
Earnings:					
Income of consolidated group before income taxes	$ 4,734.4	$ 4,222.8	$ 3,025.2	$ 1,339.2	$ 3,124.7
Dividends received from unconsolidated affiliates	.2	17.8	5.6	.4	20.3
Fixed charges excluding unamortized capitalized interest	790.5	768.8	839.2	1,079.6	1,171.3
Total earnings	$ 5,525.1	$ 5,009.4	$ 3,870.0	$ 2,419.2	$ 4,316.3
Fixed charges:					
Interest expense of consolidated group including capitalized interest	$ 790.3	$ 767.9	$ 817.1	$ 1,058.6	$ 1,163.0
Portion of rental charges deemed to be interest	7.7	9.4	24.6	34.0	34.3
Total fixed charges	$ 798.0	$ 777.3	$ 841.7	$ 1,092.6	$ 1,197.3
Ratio of earnings to fixed charges	6.92	6.44	4.60	2.21	3.60

The computation of the ratio of earnings to fixed charges is based on applicable amounts of the Company and its consolidated subsidiaries plus dividends received from unconsolidated affiliates. "Earnings" consist of income before income taxes, the cumulative effect of changes in accounting, discontinued operations and fixed charges excluding unamortized capitalized interest. "Fixed charges" consist of interest on indebtedness, amortization of debt discount and expense, interest related to uncertain tax positions, an estimated amount of rental expense that is deemed to be representative of the interest factor, and capitalized interest.

The Company has not issued preferred stock. Therefore, the ratios of earnings to combined fixed charges and preferred stock dividends are the same as the ratios presented above.

Exhibit 21

DEERE & COMPANY
AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

As of October 31, 2012

Subsidiary companies of Deere & Company are listed below. Except where otherwise indicated, 100 percent of the voting securities of the companies named is owned directly or indirectly by Deere & Company.

Name of subsidiary	Organized under the laws of
Subsidiaries included in consolidated financial statements *	
Banco John Deere S.A.	Brazil
Chamberlain Holdings Limited	Australia
Deere Capital, Inc.	Nevada
Deere Credit, Inc.	Delaware
Deere Credit Services, Inc.	Delaware
Deere Receivables Corporation	Nevada
Farm Plan Corporation	Delaware
FPC Receivables, Inc.	Nevada
Industrias John Deere Argentina S.A.	Argentina
John Deere Agricultural Holdings, Inc.	Delaware
John Deere Asia (Singapore) Private Limited	Singapore
John Deere Bank S.A.	Luxembourg
John Deere Brasil Ltda.	Brazil
John Deere Canada ULC	Canada
John Deere Capital Corporation	Delaware
John Deere Cash Management S.A.	Luxembourg
John Deere (China) Investment Co., Ltd.	China
John Deere Coffeyville Works Inc.	Delaware
John Deere Construction & Forestry Company	Delaware
John Deere Consumer Products, Inc.	Delaware
John Deere Credit OY	Finland
John Deere-Distribuidora de Titulos e Valores Mobiliarios Ltda.	Brazil
John Deere Financial, f.s.b.	Federal
John Deere Financial Inc.	Canada
John Deere Financial Limited	Australia
John Deere Financial Mexico, S.A. de C.V. SOFOM, ENR	Mexico
John Deere Financial Services, Inc.	Delaware
John Deere Forestry Group LLC	Illinois
John Deere Funding Corporation	Nevada
John Deere Iberica S.A.	Spain
John Deere India Private Limited	India
John Deere Insurance Company	Iowa
John Deere International GmbH	Switzerland
John Deere (Jiamusi) Agricultural Machinery Co., Ltd.	China
John Deere Landscapes, Inc.	Delaware
John Deere-Lanz Verwaltungs-Aktiengesellschaft	Germany
John Deere Leasing Company	Delaware
John Deere Limited	Australia
John Deere Limited	United Kingdom
John Deere (Ningbo) Agricultural Machinery Co., Ltd.	China
John Deere Polska Sp. z o.o.	Poland
John Deere Receivables, Inc.	Nevada

John Deere, S.A. de C.V.	Mexico
John Deere S.A.S.	France
John Deere Shared Services, Inc.	Delaware
John Deere Thibodaux, Inc.	Louisiana
John Deere (Tianjin) International Trading Co., Ltd.	China
LESCO, Inc.	Ohio
Motores John Deere S.A. de C.V.	Mexico
Nortrax, Inc.	Delaware
The Vapormatic Company Limited	United Kingdom
Waratah Forestry Equipment Canada Limited	Canada

* One hundred and eleven consolidated subsidiaries and thirty-five unconsolidated affiliates, whose names are omitted, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 2-62630, 2-76637, 2-90384, 33-15949, 33-24397, 33-49740, 33-49742, 33-49762, 33-55551, 33-55549, 333-01477, 333-62665, 333-62669, 333-46790, 333-103757, 333-132013, 333-140980, and 333-140981 on Form S-8 and in Registration Statement No. 333-176858 on Form S-3 of our report dated December 17, 2012, relating to the consolidated financial statements and financial statement schedule of Deere & Company and subsidiaries ("Deere & Company"), and the effectiveness of Deere & Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Deere & Company for the year ended October 31, 2012.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois

December 17, 2012

Exhibit 31.1

CERTIFICATIONS

I, Samuel R. Allen, certify that:

1. I have reviewed this annual report on Form 10-K of Deere & Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 17, 2012

By: */s/ Samuel R. Allen*
Samuel R. Allen
Principal Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Rajesh Kalathur, certify that:

1. I have reviewed this annual report on Form 10-K of Deere & Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 17, 2012

By: */s/ Rajesh Kalathur*
Rajesh Kalathur
Principal Financial Officer

Exhibit 32

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350
AS REQUIRED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Deere & Company (the "Company") on Form 10-K for the period ending October 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 17, 2012	/s/ *Samuel R. Allen* Samuel R. Allen	Chairman and Principal Executive Officer
December 17, 2012	/s/ *Rajesh Kalathur* Rajesh Kalathur	Senior Vice President and Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to Deere & Company and will be retained by Deere & Company and furnished to the Securities and Exchange Commission or its staff upon request.